सीमा शुल्क आयुक्त का कार्यालय
OFFICE OF THE COMMISSIONER OF CUSTOMS
नवीन सीमा शुल्क भवन, बालाजी मंदिर के निकट,कांडला
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F. No. GEN/ADJ/ADC/1294/2026 Date: 25.08.2026

SHOW CAUSE NOTICE

(Issued under Section 124 of the Customs Act, 1962)

BRIEF FACTS OF THE CASE:

Whereas, **M/s Global Sale Trade (IEC No. BIAPR9563E)**, having its registered address at Third Floor, Shop No. 313, Ratan Deep Complex, Waghawadi Road, Bhavnagar, Gujarat – 364001 (PPoB: Shade No. F6, Plot No-335, Motitalav Road, Kumbharwada, Bhavnagar, Gujarat, 364001) (hereinafter referred to as "the said importer"), filed Warehouse Bill of Entry No.7241450 dated 31.01.2026 at Kandla Port (INIXY1) for the clearance of petroleum product declared as "Distillate Marine Oil (Bulk Vessel)" (DMO in short), and imported from Oman.

2. Whereas, specific intelligence was gathered by the officers of the Directorate of Revenue Intelligence (DRI), Ahmedabad Zonal Unit, indicating that M/s. Global Sale Trade had attempted to clear a consignment comprising 2,355 MTS of High Flash High Speed Diesel (HFHSD), covered under Bill of Entry No. 7241450 dated 31.01.2026 filed at Kandla Port (INIXY1), under the guise of "Distillate Marine Oil (Bulk Vessel)" by mis-declaration of the description and mis-classification of the goods.

3. Whereas, acting upon the aforesaid intelligence, the import consignment covered under the said Bill of Entry was placed under hold for the purpose of drawing representative samples for laboratory analysis to ascertain the actual composition, physico-chemical characteristics, and true nature of the imported goods.

4. Whereas, the legality of an import is required to be examined with reference to the date of importation and the facts and circumstances prevailing at that point of time. In the instant case, the importer has failed to produce any contemporaneous documentary evidence, existing prior to import of the subject goods, in support that the goods were intended for supply to an SEZ unit, such as any contract executed with an SEZ unit, purchase order, end-use declaration referring to an SEZ unit, correspondence evidencing an intention to supply the imported goods to an SEZ unit, or any other material demonstrating that the proposed recipient SEZ unit had, prior to the import, intended to procure the subject goods.

4.1 On the contrary, not a single import document, including the Bill of Entry, commercial invoice, packing list, bill of lading, import declaration, or any other document filed or relied upon at the time of import, disclosed that the subject goods were intended for supply to any SEZ unit. The Distillate Marine Fuel classifiable under CTH 2710 19 61, were also subject to specified import conditions on the date of import. The subject imported goods shall conform to the specifications prescribed under the latest ISO 8217 quality standard in terms of Merchant Shipping Notice No. 3 of 2014, issued vide F. No. ENG/MARPOL-38(5)/04-Vol-II dated 19.02.2014 by the Directorate General of Shipping (DGS), Mumbai **(RUD-1)**. The said Notice further mandates the company registered in India which undertakes the responsibility of delivering bunkers to a ship or installation by barge, OSV, road tanker or directly from shore is required to possess a valid 'Bunker Supplier Registration Certificate (BSRC)' issued by the Directorate General of Shipping. The said Notice further defines a 'Product Supplier (PS)' as a company registered in India which supplies bunker/product to a Bunker Supplier. The Product Supplier is responsible for the final blending of the fuel delivered to the Bunker Supplier and is required to provide the Bunker Supplier with a declaration confirming the quality of the fuel, which, at a minimum, shall conform to the specifications prescribed under the latest ISO 8217 quality standard.

4.2 Whereas, at the time of filing the aforesaid Bill of Entry No. 7241450 dated 31.01.2026, the imported goods were declared for clearance for warehousing. Further, no document or other contemporaneous evidence was produced by the importer at the relevant time to establish that the subject goods were intended to be supplied to any Special Economic Zone (SEZ) Unit. It further appears that the importer did not possess the mandatory Bunker Supplier Registration Certificate required for the import and/or supply of Distillate Marine Fuel, as claimed by the importer.

EXAMINATION AND DRAWAL OF SAMPLES:

5. Whereas, pursuant to the aforesaid intelligence, the consignment covered under Bill of Entry No. 7241450 dated 31.01.2026, declared as "Distillate Marine Oil (Bulk Vessel)", was taken up for examination and representative samples were drawn by the officers of the Directorate of Revenue Intelligence (DRI), Ahmedabad Zonal Unit, at the premises of M/s. CRL Terminals Pvt. Ltd., Unit No. 3, a subsidiary of Aegis Vopak Terminals Ltd., located at Plot No. 18, Kandla, Kharirohar Bypass Road, Old Kandla, with a view to ascertaining the actual nature and composition of the imported goods.

5.1 The entire proceedings of examination and sampling were conducted in the presence of two independent Panch witnesses, namely Shri Mayur Jenti Sodha and Shri Rana Dilipbhai, who were called upon to witness the proceedings, in the presence of officers of the Directorate of Revenue Intelligence, Customs and other concerned persons. The entire proceedings of examination and representative sampling were duly conducted and recorded under Panchnama dated 04.02.2026 **(RUD-2)**.

5.2 Whereas, at the time of commencement of examination & sampling proceedings, Shri Dhanraj Gunti, Operation Officer of the terminal, informed the officers that the imported cargo of approximately 2355 MTS, declared as Distillate Marine Oil, had been received and stored in Tank No. T-106, at the premises of M/s. CRL Terminals Pvt. Ltd., Unit No. 3, subsidiary of Aegis Vopak Terminals Ltd., Plot No. 18, Kandla Kharirohar by pass Road, Old Kandla-370210, and that the said tank had been cleaned and made empty prior to loading of the said imported cargo. He further submitted relevant documents such as Empty Tank Certificate etc. Thereafter, in the presence of the Panch witnesses, officers, surveyors, and representatives of the importer and Customs Broker, the representative sampling process was undertaken at Tank No. T-106. The tank, being a large closed cylindrical metallic tank, was accessed through the designated staircase leading to its top. Upon inspection, it was observed that the tank lid was secured with a metallic string seal, which was found to be intact. The seal was opened in the presence of all concerned solely for the purpose of drawing representative samples of the cargo. Before commencement of the sampling process, the quantity of the cargo stored in the tank was ascertained by the surveyors by undertaking tank gauging in accordance with the prescribed procedure. As per the gauging report, the quantity of cargo contained in Tank No. T-106 was determined to be approximately 2,389 Metric Tonnes, inclusive of the water content.

5.3 Whereas, the sampling was carried out by the nominated surveyor, Shri Krutibas Jana, who explained that a composite sampling method would be adopted, wherein samples would be drawn from three different levels of the tank, namely top, middle and bottom, and thereafter mixed to form a representative composite sample of the entire consignment. Accordingly, using clean and empty equipment and aluminium bottles, samples were drawn from the three depths and mixed in a metallic container to obtain a homogeneous composite sample representative of the entire cargo stored in the tank. The composite sample so drawn was observed to be a light brown coloured liquid. From the composite mixture, four representative samples were prepared and filled into aluminium bottles of approximately 2.5 litres capacity each. The samples were marked as T-106/A, T-106/B, T-106/C and T-106/D and were sealed using seals of the surveyors present at site. The seal numbers recorded in the Panchnama are QSS surveyor seals bearing Nos. 016601 to 016604 and for SGS surveyor seals bearing Nos. 1055371 to 1055374. Thereafter, labels containing the particulars of the samples, including the sample identification mark, description of the goods, Bill of Entry number and date, were affixed on each sample bottle. The Panch witnesses, the surveyors, the authorised representative of the importer and the officers of the DRI appended their dated signatures on the sample labels in token of having witnessed the drawl of the representative samples, their identification and the sealing process.

5.4 Whereas, out of the four samples so drawn, one sample in bottle marked as **T-106/D**, was handed over to Shri Manav Sunilbhai Motwani, the authorized representative of the importer, in the presence of the Panch witnesses, under proper acknowledgment. The remaining three sample in bottles were retained by the Department for the purposes of chemical analysis and testing, evidentiary use, and record. The terminal operator was further directed not to remove, transfer, part with, or otherwise deal with the goods stored in the said tank without the prior permission of the Department or until further orders. The terminal operator acknowledged the said directions and undertook to comply with the same.

6. Whereas, the representative sample drawn under the Panchnama proceedings was forwarded to the Central Revenue Control Laboratory (CRCL), Visakhapatnam under **Test Memo No. 01/2026 dated 12.02.2026** issued from F. No. DRI/AZU/GI-02/INT-02/2026 **(RUD-3)** for chemical examination with a view to ascertaining its composition, physico-chemical characteristics, and true nature for the purpose of determining its correct classification. The Test Memo contained complete particulars of the sample, including the name and address of the importer, sample identification as **T-106/A**, Bill of Entry No. 7241450 dated 31.01.2026, and the fact that the sample had been drawn from Tank No. T-106 on 04.02.2026, wherein the goods were declared as “Distillate Marine Oil (Bulk Vessel)”.

6.1 In the said Test Memo, the CRCL, laboratory was specifically requested to carry out examination of the sample across a comprehensive range of physico-chemical parameters relevant for determination of petroleum products falling within the middle-distillate range. The parameters sought for testing included, inter alia, appearance, acid number, inorganic and total acidity, ash content, cetane index and calculated cetane number, carbon residue on 10 percent residue, density at 15°C, kinematic viscosity at 40°C, total sulphur content, flash point, pour point, distillation characteristics including recovery at 90% (T-90) and 95%, water content, sediment, copper strip corrosion, total contamination, cold filter plugging point, oxidation stability, polycyclic aromatic hydrocarbons (PAH), lubricity (wear scar diameter), and FAME content. It was further informed to the CRCL, laboratory under the Test Memo that the aforesaid parameters were not exhaustive and that the laboratory may examine and report any other compositional or analytical parameters considered relevant for correctly identifying the composition, characteristics, and true nature of the sample. The said direction was issued keeping in view the fact that petroleum products falling within the middle-distillate category may exhibit overlapping physico-chemical characteristics, and therefore require a comprehensive analytical evaluation rather than testing confined to a limited number of parameters, so as to enable a proper determination of their classification and regulatory status under the applicable provisions of law.

6.2 In addition to the above, specific queries were posed to the laboratory seeking a clear determination on critical aspects. The laboratory was requested to state whether the sample conforms to the specifications of the declared goods, to explicitly indicate the name and description of the product based on test results, and in cases where the product could correspond to more than one category or tariff heading, to specify the product to which the sample is "most akin" based on the analytical parameters and applicable standards. The laboratory was also requested to indicate whether the sample showed any signs of adulteration and to specify the nature and method of such adulteration, if any, as well as to comment upon the hazardous nature of the sample.

6.3 The inclusion of the specific direction to indicate the product to which the sample is "most akin" was made in order to obtain an expert determination in situations where the sample may not strictly confirm to a single standard specification but may nevertheless fall within a particular petroleum fraction based on its overall characteristics. Accordingly, the test memo was structured to elicit a comprehensive technical opinion from the laboratory not only on individual parameters but also on the overall classification and nature of the product.

<u>TEST REPORT OF CRCL, VISAKHAPATNAM:</u>

7. The Central Revenue Control Laboratory (CRCL), Visakhapatnam examined the sample and issued **Test Report bearing Lab No. 787/DRI dated 23.02.2026 (RUD-4)**. The report records that the sample was received in sealed condition and the seals were found intact. The laboratory has described the nature of the sample as follows: -

> *"Free flowing oily liquid. It is mainly composed of petroleum hydrocarbons having mineral oil content more than 70% by wt. It has following characteristics."*

7.1 The test report records the results of various physico-chemical parameters, inter alia, as under: -

1. *Flash Point (PMCC): **56°C**;*
2. *Density at 15°C: **0.821 g/ml**;*
3. *Kinematic Viscosity at 40°C: **2.15 cSt**;*
4. *Sulphur Content: **0.30% by wt.** ;*
5. *Distillation Recovery: **more than 85% at 350°C and more than 95% at 370°C**;*
6. *Cloud Point: **–10°C**;*
7. *Water Content: **274 ppm**.*

7.2 Further, parameters such as acidity, ash content, carbon residue, copper strip corrosion and sediment were reported as Nil or within limits as per laboratory observations. The laboratory has also recorded that certain parameters were not determined or were not applicable within the scope of the testing undertaken, including cetane number, oxidation stability, FAME content, total contamination and certain other specialized parameters, and in some cases, it has been indicated that such parameters are to be determined at refinery or manufacturer level. With respect to conformity to declared specification, the laboratory has recorded the following observation:

i. "*The sample is confirming to **Distillate Marine Fuel of IS 16731**, **except Cloud point**, up to the extent of parameters tested (Please refer to CRCL Test Report bearing Lab No. 787/DRI dated 23.02.2026).*"

ii. "*The sample is also **confirming to the parameters of HFHSD (IS 16861)**, **except Sulphur content and Flash point** up to the extent of parameters tested (Please refer to CRCL Test Report bearing Lab No. 787/DRI dated 23.02.2026).*"

iii. *"The sample also confirms specification of **Automotive Diesel Fuel (IS 1460) except Sulphur content**, Distillation recovery at 360°C and Water content up to the extent of parameters tested (Please refer to CRCL Test Report bearing Lab No. 787/DRI dated 23.02.2026)."*

iv. ***"The sample is most akin to HFHSD" (Please refer to CRCL Test Report bearing Lab No. 787/DRI dated 23.02.2026).***

v. *"The sample has exceptionally high sulphur (0.30%), which is **not common in this type of distillates.** The source/purpose of blending/mixing of this much sulphur may be investigated at your end" (Please refer to CRCL Test Report bearing Lab No. 787/DRI dated 23.02.2026).*

Further, regarding identification of the product, the laboratory has specifically opined as under:

"The sample under reference is most akin to High Flash High Speed Diesel (HFHSD). (Please refer to CRCL Test Report bearing Lab No. 787/DRI dated 23.02.2026)"

7.3 Thus, the CRCL, Visakhapatnam test report indicates that although the representative sample exhibited the characteristics of a middle-distillate petroleum product and demonstrated substantial confirmity with more than one applicable Indian Standard (IS) specification, it did not strictly conform to any single prescribed standard specification in all respects. Having regard to the overall analytical profile, the laboratory opined that the sample was **"most akin to High Flash High Speed Diesel (HFHSD)"** also ***conforming to the parameters of Automotive Diesel Fuel (IS 1460),*** *except Sulphur content.*

FORMATION OF REASONABLE BELIEF, SEIZURE AND FURTHER INVESTIGATION:

8. Whereas, on a careful consideration of the test report issued by the Central Revenue Control Laboratory (CRCL), Visakhapatnam, it appears that, on the basis of the physico-chemical parameters examined, the laboratory has specifically opined that the representative sample under reference is **"most akin to High Flash High Speed Diesel (HFHSD)"**. In this regard, it is pertinent to note that the said test report also records that the sample is conforming to the parameters of HFHSD (IS 16861), except Sulphur content and Flash Point, and is also conforming to the parameters of Automotive Diesel Fuel (IS 1460), except Sulphur content, up to the extent of parameters tested. The report further records that, although the sample exhibits overlapping conformity with the requirements of multiple Indian Standards (IS) applicable to middle-distillate petroleum products, it does not confirm in its entirety to any single prescribed specification. The laboratory's opinion identifying the sample as being **"most akin to HFHSD"** is, therefore, based on an overall evaluation of its analytical profile and physico-chemical characteristics rather than on strict conformity with any individual standard specification.

8.1 Whereas, the importer had declared the imported goods, vide Bill of Entry No. 7241450 dated 31.01.2026, as "Distillate Marine Oil", classifiable under CTH 2710 19 61. However, in light of the findings recorded by the Central Revenue Control Laboratory (CRCL), Visakhapatnam, that the representative sample was **"most akin to High Flash High Speed Diesel (HFHSD)"**, it appears that the goods actually imported possessed the characteristics of **High Flash High Speed Diesel (HFHSD)**, and not of Distillate Marine Oil as declared, such HFHSD being appropriately classifiable under **CTH 2710 19 49**. As per the Schedule-I to the Import Policy under the ITC (HS), 2022, in respect of Chapter 27 (Mineral Fuels, Mineral Oils, etc.), import of "Gas oil and oils obtained from gas oil: ---- **High Flash High Speed Diesel Fuel** conforming to standard IS 16861" covered under CTH 2710 19 49, **is restricted**, and **imports are permissible only subject to compliance with Policy Condition No. 5 of Chapter 27 of the Foreign Trade Policy**. It, therefore, appears that the importer had mis-declared and mis-classified the description and nature of the imported goods under CTH 2710 19 61, with a view to importing restricted goods without complying with the applicable import conditions prescribed under the Foreign Trade Policy. It was also noticed that the importer has declared the quantity of goods as 2,355 MTS in BE No. 7241450 dated 31.01.2026 whereas as per gauging report the quantity of the goods was found to be 2,389 MTS. Accordingly, there being a reasonable belief that the imported goods were liable to confiscation under the provisions of Section 111(d), 111(l) and 111(m) of the Customs Act, 1962, the goods were placed under seizure vide **Seizure Memo dated 27.02.2026**, under Section 110 of the Customs Act, 1962.

8.2 It further appears that the Test Report issued by the Central Revenue Control Laboratory (CRCL), Visakhapatnam, recorded that the representative sample contained "exceptionally high sulphur (0.30%), which is not common in this type of distillates". The laboratory further put remarks that the source or purpose of such blending might require further investigation.

REFERRAL OF SAMPLES TO IOCL, HALDIA REFINERY:

9. Whereas, to ensure a more granular assessment of the chemical composition and to definitively establish the grade of the imported petroleum product, a representative sample (**Sample ID: DRI/AZU/GI-02/INT-02/2026**) was forwarded to the Indian Oil Corporation Limited (IOCL) Refinery at Haldia vide Test Memo dated 11.03.2026 **(RUD-5)**. This referral was intended to evaluate the sample against a broader spectrum of standards, specifically comparing the characteristics of the cargo against Residual Marine Fuel (ISO: 8217/IS: 16731), High Flash High Speed Diesel (IS: 16861), and Automotive Diesel Fuel (IS: 1460). The said examination was undertaken with a view to corroborating and further evaluating the findings recorded by the Central Revenue Control Laboratory (CRCL), Visakhapatnam, and to determine whether the imported product corresponded to the description declared in the said Bill of Entry or possessed the characteristics of a restricted petroleum product under the applicable Import Policy.

TEST REPORT OF IOCL, HALDIA REFINERY:

10. The Indian Oil Corporation Limited (IOCL), Haldia Refinery, upon completion of the examination of the representative sample bearing **Sample ID: DRI/AZU/GI-02/INT-02/2026**, forwarded its **Final Test Report (RUD-6)** vide e-mail dated **08.04.2026**. The specific remarks and findings recorded by IOCL, Haldi Refinery in the said Final Report are reproduced below: -

a) **Regarding Residual Marine Fuel:** > *"The sample **does not meet** the requirements of ISO 8217 (Residual Marine Fuel) and IS 16731 (Residual Marine Fuel) with respect to flash point (Please refer to **Table 1 of Test Report of IOCL, Haldia Refinery**)."*

b) **Regarding High Flash High Speed Diesel (HFHSD):** > *"The sample does not meet the requirements of IS 16861 (HFHSD) with respect to **Total sulfur***

***content**, **Lubricity and Flash Point** (Please refer to **Table 2 of Test Report of IOCL, Haldia Refinery**)."*

c) **Regarding Automotive Diesel Fuel (BS-VI):** > *"The sample **does not meet** the requirements of IS 1460 (BS VI ADF) with respect to Total sulphur content, Lubricity and Water content (Please refer to **Table 2 of Test Report of IOCL, Haldia Refinery**)."*

d) **Final Conclusion on Compatibility:** > *"Thus, the closest compatible fuel type may be Residual Marine Fuel (RMA 20-0.5 & RMA 20-0.1) as recommended in ISO 8217 and IS 16731 except flash point."*

11. Whereas, upon combined reading of the test reports issued by the **Central Revenue Control Laboratory (CRCL), Visakhapatnam**, and the **Indian Oil Corporation Limited (IOCL), Haldia Refinery**, it appears that **neither laboratory has certified the representative sample as fully conforming to any single prescribed Indian Standard specification**. The CRCL reported that the sample is conforming to Distillate Marine Fuel of IS 16731, except Cloud point, is also conforming to the parameters of HFHSD (IS 16861), except Sulphur content and Flash Point, and is also conforming to the parameters of Automotive Diesel Fuel (IS 1460), except Sulphur content, up to the extent of parameters tested. On the basis of its overall analytical profile, the CRCL opined that the sample was **"most akin to High Flash High Speed Diesel (HFHSD)"**. It was further reported that the sample has exceptionally high Sulphur (0.30%), which is not common in this type of distillates, and that the source/purpose of blending/mixing of this much sulphur may be investigated. Whereas, the **IOCL, Haldia Refinery** reported that the sample did not fully satisfy the prescribed requirements of IS 16731 (Residual Marine Fuel), IS 16861 (HFHSD), or IS 1460 (BS VI ADF). The IOCL further concluded that the closest compatible fuel type was Residual Marine Fuel (RMA 20-0.5 & RMA 20-0.1) as recommended in ISO 8217 and IS 16731, except with respect to the flash point parameter. Accordingly, the technical evidence available on record indicates that the imported product possesses physico-chemical characteristics common to both marine distillate fuels and diesel-range hydrocarbon fuels, while not conforming in its entirety to any one prescribed Indian Standard specification.

11.1 During the course of investigation, summons dated 06.03.2026, 27.03.2026, and 21.04.2026 were issued to the importer under the provisions of the Customs Act, 1962, requiring its authorised representative to appear before the investigating officer for recording of statement and to produce, inter alia, the end-use related documents, produce the COQ issued at the time of manufacture/loading to establish the true nature of the product and other relevant records pertaining to the imported goods. The failure at the part of importer suggests that they were aware that the product did not meet the standards of "Distillate Marine Oil" and sought to suppress its true identity which has been found in the CRCL report as most akin to HFHSD.

COMPARATIVE ANALYSIS AND DETERMINATION OF PRODUCT NATURE AND ITS CLASSIFICATION:

12. Whereas, the classification of the imported goods is required to be determined in accordance with the provisions of the First Schedule to the Customs Tariff Act, 1975, read with the General Rules for the Interpretation (GRI) of the Import Tariff. Such determination is required to be undertaken sequentially in terms of the said Rules, having due regard to the terms of the relevant tariff headings and sub-headings, the applicable Section Notes and Chapter Notes, and the intrinsic nature, composition and physico-chemical characteristics of the goods as established through the laboratory examination and the evidence available on record.

12.1 DETERMINATION UNDER GRI-1: Rule 1 of the General Rules for the Interpretation of the First Schedule to the Customs Tariff Act, 1975, provides that, "for legal purposes, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes...".

12.2 The importer has declared the imported goods as "Distillate Marine Oil ()" under Customs Tariff Heading (CTH) 2710 19 61. The correctness and sustainability of the said classification are required to be examined in the light of the laboratory findings available on record. The Test Report issued by the CRCL, Visakhapatnam records that "*The sample is confirming to Distillate Marine Fuel of IS 16731, except Cloud point, up to the extent of parameters tested*". At the same time, the report also records that the sample is **"most akin to High Flash High Speed Diesel (HFHSD)"**, thereby indicating that, although the sample exhibits substantial conformity with certain parameters of **IS 16731**, it does not strictly conform to that standard in its entirety. The report similarly records that the sample is also conforming to the parameters of HFHSD (IS 16861), except Sulphur content and Flash Point, and to the parameters of Automotive Diesel Fuel (IS 1460), except Sulphur content, up to the extent of parameters tested.

12.3 Whereas, the Indian Oil Corporation Limited (IOCL), Haldia Refinery, after carrying out a broader comparative evaluation of the sample with reference to IS 16731, IS 16861 and IS 1460, reported that "The sample **does not meet** the requirements of ISO 8217 (Residual Marine Fuel) and IS 16731 (Residual Marine Fuel) **with respect to flash point**." The IOCL further concluded that the closest compatible fuel type may be Residual Marine Fuel under ISO 8217/IS 16731, **except with respect to the flash point parameter**.

12.4 The flash point of the sample has been determined as **56°C** (CRCL, Visakhapatnam) and **52.5°C** (IOCL, Refinery Haldia). Thus, while partial conformity with certain parameters is indicated, the product does not fully confirm to the declared specification of Distillate Marine Oil. Accordingly, classification under CTH 2710 19 61 is not acceptable under Rule-1 of the General Rules for Interpretation of the First Schedule to the Customs Tariff Act, 1975.

12.5 The aforesaid findings indicate that although the product corresponds to Marine Distillate Fuel characteristics, deviations have been observed in certain parameters, particularly Flash Point. The significance of such deviations for tariff classification, import policy applicability and determination of the true nature of the goods requires examination in conjunction with the entirety of the technical evidence available on record.

COMPARATIVE TECHNICAL FINDINGS AND CLARIFICATIONS OF TESTING AUTHORITIES:

13. The laboratory findings of CRCL and IOCL have been examined in entirety.

The CRCL report records as under: -

vi. "*The sample is confirming to* ***Distillate Marine Fuel of IS 16731***, ***except Cloud point****, up to the extent of parameters tested (Please refer to CRCL Test Report bearing Lab No. 787/DRI dated 23.02.2026).*"

vii. "*The sample is also* ***confirming to the parameters of HFHSD (IS 16861)****,* ***except Sulphur content and Flash point*** *up to the extent of parameters tested (Please refer to CRCL Test Report bearing Lab No. 787/DRI dated 23.02.2026)."*

viii. "The sample also confirms specification of ***Automotive Diesel Fuel (IS 1460) except Sulphur content****, Distillation recovery at 360°C and Water content up to the extent of parameters tested (Please refer to CRCL Test Report bearing Lab No. 787/DRI dated 23.02.2026)."*

ix. "The sample is most akin to HFHSD" (Please refer to CRCL Test Report bearing Lab No. 787/DRI dated 23.02.2026).

x. "The sample has exceptionally high sulphur (0.30%), which is ***not common in this type of distillates.*** *The source/purpose of blending/mixing of this much sulphur may be investigated at your end" (Please refer to CRCL Test Report bearing Lab No. 787/DRI dated 23.02.2026).*

Further, the CRCL report concluded that the samples were most akin to High Flash High Speed Diesel (HFHSD) by confirming to the parameters of HFHSD (IS 16861), except Sulphur content and Flash point up to the extent of parameters tested. Further, the IOCL report concludes that "*the closest compatible fuel type may be Residual Marine Fuel (RMA 20-0.5 & RMA 20-0.1) as recommended in ISO 8217 and IS 16731 except flash point.*"

13.1 The IOCL, Haldia Refinery has also clarified the scope and limitation of its findings as follows:

> *"The purview to QC Lab is to test the sample with respect to the specified parameters as stated in the relevant IS /ISO standard and declare the sample as 'meeting/not meeting the specifications of IS/ISO…'."*
>
> *"It is not in a position based on the information in its possession to state that whether the failure to meet certain parameters, even to a marginal extent, will result in any change of the nature, classification, or usability of the product. That decision must be made the buyer/customer/statutory body/end user of the sample."*
>
> *"QC Lab is not in a position based on the information in its possession to assess whether the marginal elevation in sulphur content is due to any production or logistics related ramifications. The question could be better addressed by production and storage and transport function people."*

13.2 A combined reading of the above appears to establish that:

i. The product exhibits partial conformity across multiple fuel standards;
ii. The product does not fully conform to any single specification;
iii. The laboratory findings are limited to parameter testing and conformity assessment, and do not determine classification;
iv. The identification of "closest compatible fuel type" is indicative and not determinative.

14. Determination under GRI-3 and GRI-4 of the General Rules for Interpretation: Whereas, it appears that in view of the failure of classification under

Rule 1 and absence of complete conformity with any single standard specification, recourse is taken to Rule 3 and Rule 4 of the of the General Rules for Interpretation. Rule 3(b) of the General Rules for Interpretation provides that "***Mixtures…, shall be classified as if they consisted of the material or component which gives them their essential character…".*** Rule 4 of the General Rules for Interpretation provides that *"Goods which cannot be classified in accordance with the above Rules shall be classified under the heading appropriate to the goods to which they are* ***most akin.****"*

14.1 Whereas, the findings of CRCL laboratory establish that the product is a middle-distillate hydrocarbon fuel exhibiting characteristics of diesel-range products. While the IOCL report indicates a "*closest compatible fuel type*" under the marine fuel category, it simultaneously records non-conformity with IS: 16731 and clarifies that it is not determining classification. On the other hand, the CRCL report, after examining the parameters, concludes that **"*The sample is most akin to HFHSD.*"**

14.2 Thus, both reports indicate that the product does not strictly fall within any single standard and lies within an overlapping range of petroleum fuel categories. In such circumstances, classification is required to be determined on the basis of the essential character and closest resemblance of the goods. Accordingly, in view of the above and having regard to:

i. The middle-distillate nature of the product,
ii. The conformity with multiple parameters of diesel-range fuels,
iii. The CRCL finding identifying the product as most akin to HFHSD, and
iv. The IOCL findings indicating non-conformity with all standards and limiting its role to testing only.

The product is more appropriately aligned with diesel-type fuels rather than marine fuel specifications.

15. In view of the foregoing, the investigation appears to reveal that:

- The declared classification under CTH 2710 19 61 is not sustainable under Rule 1;
- The product does not conform to any single standard specification;
- Both CRCL, Visakhapatnam and IOCL, Haldia reports indicate overlapping characteristics and absence of exact conformity;
- The CRCL, Visakhapatnam report identifies the goods as "most akin to HFHSD";
- The IOCL, Haldia report identifies only a "closest compatible fuel type" while clarifying that classification is outside its purview.

Accordingly, applying Rule 3(b) and Rule 4 of the General Rules for Interpretation, the subject goods are appropriately classifiable under CTH 2710 19 49 which covers Gas Oils and oils obtained from Gas oil specifically under "***High Flash High Speed Diesel Fuel (HFHSD) conforming to IS 16861***".

16. It further appears that, under the Foreign Trade Policy, High Speed Diesel/ HFHSD conforming to IS:16861 are "Restricted" items as per Policy Condition No. 5 of Chapter 27, permissible for import only through State Trading Enterprises (STEs). The relevant descriptions of the above mentioned CTHs as per the Customs Tariff Act are as below:

2710 19 42	---- Vacuum [illegible]								prises	*Chapter 27*
2710 19 43	---- Light diesel oil conforming to standard IS 15770	kg.	10.00	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.	10.00	5.00	---	14% + Rs. 15 per litre	0.15		State Trading Enterprises	*Import as per Policy Condition (5) of Chapter 27 SWS - 3% by Ntfn 12/2018-Cus.*
2710 19 49	---- High flash high speed diesel fuel conforming to standard IS 16861	kg.	10.00	5.00	---	14% + Rs. 15 per litre	0.15		State Trading Enterprises	*Import as per Policy Condition (5) of Chapter 27 SWS - 3% by Ntfn 12/2018-Cus.*
	--- Fuel oils conforming to standard IS 1593:									
2710 19 51	---- Grade LV	kg.	10.00	5.00	---	18.00	0.50	24.490	Free	
2710 19 52	---- Grade MV1	kg.	10.00	5.00	---	18.00	0.50	24.490	Free	
2710 19 53	---- Grade MV2	kg.	10.00	5.00	---	18.00	0.50	24.490	Free	
2710 19 59	---- Grade HV	kg.	10.00	5.00	---	18.00	0.50	24.490	Free	
	--- Fuels (Class F) or marine fuels conforming to standard IS 16731:									
2710 19 61	---- Distillate oil	kg.	10.00	5.00	---	18.00	0.50	24.490	Free	
2710 19 69	---- Residual oil	kg.	10.00	5.00	---	18.00	0.50	24.490	Free	
	--- Base oil and lubricating oil:									
2710 19 71	---- Base oil	kg.	10.00	5.00	---	18.00	0.50	24.490	Free	
2710 19 72	---- Engine oil (internal combustion engine crankcase oils) conforming to standard IS 13656	kg.	10.00	5.00	---	18.00	0.50	24.490	Free	
2710 19 73	---- Engine oil conforming to standard IS 14234	kg.	10.00	5.00	---	18.00	0.50	24.490	Free	

(Customs Tariff Act, 1975)

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

The above is the Policy Condition for Chapter No. 27 of the Customs Tariff Act, 1962, as per DGFT Website Link: blob:https://www.dgft.gov.in/0dcce494-9623-40d4-9151-1957dd7e002b.

16.1 In the present case, **the test report of the Central Revenue Control Laboratory (CRCL), Visakhapatnam, has opined that the representative sample is "most akin to High Flash High Speed Diesel (HFHSD)"** on the basis of its overall analytical profile, while the laboratory reports on record also establish that the imported product does not fully conform to the declared specification of "Distillate Marine Oil (Bulk Vessel)" under IS 16731. The evidence, therefore, indicates that the importer declared the goods as "Distillate Marine Oil (Bulk Vessel)" under CTH 2710 19 61, whereas the analytical characteristics of the imported product are found to be closely aligned with a diesel-range hydrocarbon product which has been opined by the CRCL to be "most akin to HFHSD". It, therefore, appears that the importer attempted to circumvent the import restrictions prescribed under the Foreign Trade Policy and the regulatory regime governing the import of High Flash High Speed Diesel (HFHSD) by mis-declaring the description and classification of the imported goods as "Distillate Marine Oil (Bulk Vessel)" falling under CTH 2710 19 61, instead of declaring the goods in accordance with their actual nature and characteristics. Such misdeclaration had the effect of avoiding the import conditions applicable to restricted petroleum products under Policy Condition No. 5 of Chapter 27 and consequently rendered the imported goods liable to confiscation under Sections 111(d), 111 (l) and 111(m) of the Customs Act, 1962, besides rendering the importer liable to penal action under the applicable provisions of the said Act.

SUBSEQUENT NO OBJECTION CERTIFICATE FOR TRANSFER OF GOODS:

17. It is pertinent to place on record the subsequent developments concerning the physical custody of the seized goods. The Hon'ble Gujarat High Court, vide judgment dated 30.04.2026 in M/s. Fairfield Industries LLP v. Union of India, Ministry of Finance & Ors., examined the provisions of IS 16731:2019/ISO 8217:2017 relating to Distillate Marine Fuel and observed, inter alia, that out of the seven grades of Distillate Marine Fuel specified under IS 16731:2019/ISO 8217:2017, only DMX prescribes a minimum flash point of 43°C, whereas all other grades, namely DMA, DFA, DMZ, DFZ, DMB and DFB, are required to have a minimum flash point of 60°C. The Hon'ble High Court further observed that the flash point for all fuels, except DMX, is prescribed as a minimum of 60°C under the International Convention for the Safety of Life at Sea (SOLAS). Further, on a combined reading of IS 16731:2019/ISO 8217:2017, the Hon'ble High Court held that the said standards are prescribed for petroleum products, namely Class F marine fuels, and emphatically establish that Distillate Marine Fuel is intended for marine purposes only.

17.1 Relying upon the aforesaid judgment, the said importer filed an **Additional Affidavit dated 04.05.2026 in the matter of** *M/s. Global Sale Trade & Anr. v. Union of India & Ors.***, being SCA No. 5263/2026**, before the Hon'ble Gujarat High Court and vide e-mail dated 26.05.2026 addressed to Directorate of Revenue Intelligence (DRI), Ahmedabad Zonal Unit sought similar relief in respect of the goods seized in the instant case, inter alia, praying for transfer of the said goods to M/s. AADK Petroleum Pvt. Ltd., Kandla SEZ, an SEZ unit possessing the requisite statutory approvals and permissions, for undertaking authorised operations. Accordingly, DRI, AZU issued a No Objection Certificate (NOC) dated 29.05.2026 for consideration of the transfer of the warehoused goods, subject to fulfilment of the applicable safeguards, undertakings, end-use conditions and other compliance requirements by the SEZ entity, in accordance with the judgment dated 30.04.2026 of the Hon'ble Gujarat High Court in M/s. Fairfield Industries LLP v. Union of India & Ors., covered under SCA No. 1615/2026.

17.2 However, the Additional Commissioner, Custom House, Kandla, vide letter dated 16.06.2026, informed that the end-use declaration submitted by the recipient KASEZ unit, M/s. AADK Petroleum Pvt. Ltd., was not in accordance with the requirements of the end-use declaration contemplated in the judgment dated 30.04.2026. Thereafter, DRI, AZU examined the Letter of Approval (LoA) issued to M/s. AADK Petroleum Pvt. Ltd., Kandla SEZ, by the Development Commissioner vide F. No. KASEZ-IA/5/796/Vol.I-4356 dated 26.11.2025 (RUD-9). Upon examination of the said LOA and the relevant compliance requirements, DRI, AZU subsequently issued NOC dated 25.06.2026, wherein it was reiterated that this office had no objection to the transfer of the goods covered under the said Bill of Entry to M/s. AADK Petroleum Pvt. Ltd., Kandla SEZ, subject to the condition that the recipient possesses the requisite processing facilities, LoA and other prescribed conditions.

ROLE OF THE IMPORTER:

18. The importer, **M/s Global Sale Trade**, is a proprietorship firm managed by Shri Hardik Yashvantray Rana (GSTIN 24BIAPR9563E1Z4 and IEC: BIAPR9563E). During the course of investigation, the importer's past import history was scrutinized. It was observed that the importer has not previously imported goods with the description "*Distillate Marine Oil*". The decision to import 2355 MTS of a petroleum product as per their declaration made in BE No. 7241450 dated 31.01.2026 appears to have been made either deliberately to circumvent the policy restrictions or at least done without conducting due diligence on the technical specifications of the product or its compliance with Indian Standards.

18.1 The importer has maintained that the product is meant for "Industrial Use" and was purchased as "Distillate Marine Oil." However, the following facts suggest a deliberate attempt to mis-declare the cargo:

- **Knowledge of Restrictions:** As an experienced trader, the importer is expected to be aware that High Speed Diesel (HSD) and HFHSD are "Restricted" items under the Foreign Trade Policy. By declaring the goods as Distillate Marine Oil (DMO) (CTH 27101961), which falls under the "Free" category, the importer sought to bypass the requirement of an import license and avoid the scrutiny applicable to diesel-grade fuels.
- **Off-Spec Procurement:** When the international and Indian standard for Marine Fuel is Min 60°C, the procurement of a product with a Flash Point as low as 56°C (CRCL)/52.5°C (IOCL) indicates that the importer knowingly or with gross negligence contracted for a "*substandard/ off-spec*" distillate that resembles restricted diesel in various parameters such as distillation characteristics, viscosity etc. The same is also visible from the **Certificate of Analysis of supplier M/s. Global International Trade Link FZE (RUD-8)**, submitted by the importer himself, which mentions the goods as having Flash Point of 51 °C.

- **Failure of Standards:** Despite the importer's claim that the variations are marginal, the consistent failure across multiple critical safety and quality parameters (Flash Point, Sulphur content, and Lubricity) in two independent laboratory tests proves that the declaration made in the Bill of Entry was factually incorrect.

18.2 The investigation into the role of the importer focused on the procurement process, the veracity of the declarations made in the Bill of Entry, and the level of cooperation extended during the inquiry. Accordingly, the acts of omissions and commissions during the course of investigation are as under: -

- **Non-adherence to Summons and Statutory Obligations:** The investigation faced significant hurdles due to the importer's lack of cooperation. Despite the legal mandate under Section 108 of the Customs Act, 1962:
- **Failure to Appear:** Multiple summons were issued to the importer to provide testimony and clarify the discrepancies in the imported cargo. The importer failed to appear personally, frequently seeking adjournments or providing inadequate responses through representatives.
- **Evasive Conduct:** This consistent non-adherence to summons is viewed as a deliberate attempt to stall the investigation and avoid explaining the mismatch between the declared goods and the actual test results.

18.3 A critical gap in the importer's documentation is the absence of the Certificate of Quality (COQ) from the originating refinery. The importer was repeatedly directed to produce the COQ issued at the time of manufacture/loading to establish the true nature of the product. Instead, the importer only provided documents from the intermediary supplier. It appears that the absence of a refinery COQ is indicative of "off-specification" or "re-blended" cargo. The failure to submit this essential document suggests that the importer was aware that the product did not meet the standards of "Distillate Marine

Oil" and sought to suppress its true identity which has been found in the **CRCL report as most akin to HFHSD**.

18.4 Consequently, it appears that the importer, through the act of mis-declaration of description and classification, has attempted to bring into the country an off-specification petroleum product that is most akin to High Flash High Speed Diesel, which is a restricted petroleum product in contravention of Schedule 1 of Import Policy under ITC(HS), 2022 for Chapter-27 (Mineral Fuels, Mineral Oils, etc.), whereby import of *"Gas oil and oils obtained from gas oil: ---- High Flash High Speed Diesel Fuel conforming to standard IS 16861*" covered under HS Code 27101949, is restricted into India, and the same can only be imported subject to Policy Condition No. 5 of Chapter 27. This act of omission and commission on the part of the importer renders the goods liable for confiscation and makes the importer liable for penal action under the Customs Act, 1962.

18.5 The importer's conduct constitutes a material breach of the Customs Act, 1962, specifically:

- Section 46(4): For failing to provide a true and correct declaration, inasmuch as the importer declared the goods covered under Bill of Entry No. 7241450 dated 31.01.2026 as "Distillate Marine Oil (Bulk Vessel)", whereas the Test Reports of CRCL, Visakhapatnam and IOCL, Haldia Refinery have established that the goods were, in fact, most akin to High Flash High Speed Diesel (HFHSD), thereby rendering the declaration untrue and incorrect.
- Section 111(d), 111(l) and 111(m): Rendering the goods liable for confiscation, inasmuch as (a) under Section 111(d), the goods being HFHSD are "Restricted" for import under Policy Condition No. 5 of Chapter 27 of the Foreign Trade Policy, being permissible for import only through State Trading Enterprises, and the importer, being neither an STE nor a holder of any authorisation from the DGFT, has imported the said goods contrary to the said prohibition/restriction; (b) under Section 111(l), the quantity of goods declared in Bill of Entry were

found to be less than the quantity ascertained during the investigation and (c) under Section 111(m), the goods, upon testing, do not correspond with the description "Distillate Marine Oil" entered in the Bill of Entry.

- Section 112(a)/112(b) and Section 114AA: Establishing liability for penalty, inasmuch as **(a)** under Section 112(a)/112(b), the importer's act of mis-declaring/mis-classifying the goods as "Distillate Marine Oil" directly rendered the goods liable to confiscation under Section 111(d)/(l)/(m) as discussed above; and **(b)** under Section 114AA, the proprietor of the importer firm had knowingly and intentionally declared the goods as "Distillate Marine Oil" in the Bill of Entry despite the goods being HFHSD, thereby using a declaration which was false and incorrect in a material particular.

RELEVANT LEGAL PROVISIONS:

19. Policy Condition No. 5 of Chapter 27 of the Customs Tariff is reproduced as below:

"*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."*

19.1 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.

RELEVANT SECTIONS OF THE CUSTOMS ACT, 1962:

20. **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(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.

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;

....

....

....

(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 Acts, 1962:

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 percent 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.*

RESTRICTIONS FOR GOODS IMPORTED:

21. Whereas, 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;"

21.1 Thus, in terms of the aforesaid statutory definition, any introduction of a foreign substance into high flash high speed diesel, illegally or without authorisation, which results in the product failing to conform to the relevant Indian Standard, constitutes adulteration. The Hon'ble Gujarat High Court in its judgment dated 09.03.2026 in case of Deep International & ors. in R/SCA 16799 of 2025 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.

21.2 Whereas, import of "High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018" 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, Foreign Trade (Development and Regulation) Act, 1992, read with the Foreign Trade Policy, by importing restricted import goods, as discussed in foregoing paras, and rendered the said goods liable for confiscation under the Customs Act, 1962.

CONTRAVENTION OF PROVISIONS:

22. Whereas, having regard to the facts discussed in the foregoing paragraphs and the material evidence available on record, it appears that the importer has acted in contravention of the following statutory and policy provisions:

(i) Section 46(4) of the Customs Act, 1962 provides that —

"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 ... relating to the imported goods."*

Whereas, the importer subscribed to a declaration as to the truth of the contents of Bill of Entry No. 7241450 dated 31.01.2026, wherein the goods were declared as "Distillate Marine Oil (Bulk Vessel)". However, the laboratory findings of CRCL, Visakhapatnam and IOCL, Haldia Refinery have established that the said declaration was not true, the goods being most akin to High Flash High Speed Diesel (HFHSD). The importer thus appears to have contravened the provisions of **Section 46(4)** of the Customs Act, 1962, by subscribing to a declaration which was factually incorrect.

22.1 Section 46(4A) of the Customs Act, 1962 provides that —

> *"the importer who presents a bill of entry shall ensure the following, namely: — (a) the accuracy and completeness of the information given therein; ... 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."*

Whereas, the importer failed to ensure the accuracy of the description declared in the Bill of Entry, and further failed to ensure compliance with the restriction imposed on import of HFHSD under Policy Condition No. 5 of Chapter 27 of the Foreign Trade Policy. The importer thus appears to have contravened clauses (a) and (c) of **Section 46(4A)** of the Customs Act, 1962.

22.2 Section 3(3) of the Foreign Trade (Development and Regulation) Act, 1992 provides that —

> *"All goods to which any Order made under sub-section (2) applies shall be deemed to be goods the import ... of which has been prohibited under section 11 of the Customs Act, 1962 ..., and all the provisions of that Act shall have effect accordingly."*

Whereas, HFHSD being a restricted item under Policy Condition No. 5 of Chapter 27 of the Foreign Trade Policy issued under Section 3(2) of the FTDR Act, 1992, its import otherwise than through a State Trading Enterprise is deemed to be prohibited under Section 11 of the Customs Act, 1962, by virtue of **Section 3(3)** of the FTDR Act, 1992. The importer, being neither a State Trading Enterprise nor a holder of any authorisation granted by the DGFT, appears to have contravened Section 3(3) of the FTDR Act, 1992, read with Section 11 of the Customs Act, 1962.

22.3 Para 2.01 of the Foreign Trade Policy, 2023 provides that —

> *"Imports ... shall be free, except when regulated by way of a 'Prohibition', 'Restriction' or 'Exclusive Trading through State Trading Enterprises (STEs)' as laid down in ... ITC(HS) ..."*

Whereas, HFHSD falls squarely within the exception carved out under this Para, being subject to exclusive trading through STEs. The importer's import thereof, otherwise than through an STE, is in contravention of **Para 2.01** of the Foreign Trade Policy, 2023.

22.4 Para 2.21 of the Foreign Trade Policy, 2023, provides that goods subject to exclusive or special privilege granted to a State Trading Enterprise may be imported only by the concerned STE, in accordance with the conditions specified in the ITC(HS), unless the DGFT has specifically authorised any other entity to import such goods. Whereas, the importer possesses no such authorisation from the DGFT, the import appears to have been effected in contravention of **Para 2.21** of the Foreign Trade Policy, 2023.

22.5 In view of the aforesaid contraventions, and the goods having thereby been rendered liable to confiscation under Sections 111(d), 111(l) and 111(m) of the Customs Act, 1962, the importer, Shri Hardik Yashvantray Rana, Proprietor of M/s. Global Sale Trade, appears liable for penal action as under —

> ***Section 112(a) of the Customs Act, 1962*** *provides — "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 ..., shall be liable ..."*

Since the importer's act of mis-declaration/mis-classification directly rendered the goods liable to confiscation under Section 111(d), 111(l) and 111(m) as discussed above, penalty under **Section 112(a)** is clearly attracted.

> ***Section 112(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;*

Since the importer acquires possession of the prohibited goods and also concerned and dealing in selling or purchasing of the goods which he knows or has reason to believe are liable to confiscation under Section 111(d), 111(l) and 111(m) as discussed above, therefore penalty under **Section 112(b)** is clearly attracted upon them.

> ***Section 114AA of the Customs Act, 1962*** *provides — "If a person knowingly or intentionally makes, signs or uses ... 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 ..."*

Since the importer knowingly declared the goods as "DMO" in the Bill of Entry despite the goods being HFHSD, this constitutes use of a knowingly false declaration document, independent of the confiscation-liability under Section 112 — **Section 114AA** is attracted.

Section 114AA of the Customs Act, 1962 specifically provides for penalty where any 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 the Customs Act. The essential ingredients for invocation of Section 114AA are, therefore, that (i) there was a declaration, statement or document in connection with a customs transaction; (ii) such declaration, statement or document contained a false or incorrect material particular; and (iii) such false or incorrect declaration, statement or document was made, signed, used or caused to be made, signed or used knowingly or intentionally.

22.6 In the instant case, all the aforesaid ingredients appear to be satisfied. The Bill of Entry No.7241450 dated 31.01.2026, filed under Section 46 of the Customs Act, 1962, constitutes a declaration/document for the purposes of the Customs Act. The particulars relating to the description of the imported goods, declared therein as **"Distillate Marine Oil"**, were materially incorrect when compared with the goods actually imported and examined, the same having been found, on the basis of the test reports of CRCL, Visakhapatnam and IOCL, Haldia Refinery, to be most akin to **High Flash High Speed Diesel (HFHSD)**. Further, the evidence on record — including the off-specification parameters of the goods procured, the supplier's own Certificate of Analysis reflecting a Flash Point of 51°C (well below the minimum prescribed standard of 60°C for genuine Distillate Marine Oil), and the deliberate and repeated non-appearance of the importer despite due service of summons dated 06.03.2026, 27.03.2026 and 21.04.2026 — indicates that the incorrect particulars were not furnished accidentally but were knowingly and intentionally presented to the Customs authorities.

22.7 The fact that the imported goods were materially different from those declared is itself a circumstance of considerable evidentiary significance. Where the discrepancy concerns the basic identity and description of the goods, and the person responsible for the import documentation was aware, or had reason to be aware, of the actual goods procured (as evidenced by the supplier's own Certificate of Analysis disclosing the true Flash Point), the making of such declaration cannot ordinarily be treated as an innocent or bona fide error. The complete failure of the importer to appear before the investigating officer or offer any explanation, despite repeated opportunities afforded through summons under Section 108 of the Customs Act, 1962, further strengthens the inference that the false particulars were consciously incorporated in the import documentation.

22.8 Shri Hardik Yashvantray Rana, Proprietor of M/s. Global Sale Trade, having IEC No. BIAPR9563E, is the person legally responsible for the affairs and customs transactions of the proprietary concern. Unlike a company or incorporated entity, a proprietary concern has no separate legal personality distinct from its proprietor. Accordingly, where the evidence establishes that the proprietary concern knowingly made or caused false declarations to be presented before Customs, the penal liability arising from such acts, knowledge and conduct can be fastened upon the proprietor under Section 114AA. In the present case, the evidence indicates that Shri Hardik Yashvantray Rana was the person responsible for and controlling the import transactions of the proprietary concern and, therefore, cannot dissociate himself from the false declaration made in connection with the said transaction.

22.9 In view of the totality of the evidence, the material discrepancy between the declared and actual goods, the nature of the mis-declaration, the off-specification parameters reflected in the supplier's own Certificate of Analysis, the deliberate non-cooperation with the investigation, and the fact that Shri Hardik Yashvantray Rana was the proprietor and person responsible for the affairs of M/s. Global Sale Trade, it appears that he knowingly and intentionally made, or caused to be made and used, a declaration and document containing false or incorrect material particulars in connection with the importation of the goods. Accordingly, the statutory ingredients of Section 114AA of the Customs Act, 1962 are prima facie fulfilled and **Shri Hardik Yashvantray Rana appears liable to penalty under the said Section**.

22.10 Section 117. Penalties for contravention, etc., not expressly mentioned. - *Any person who contravenes any provision of this Act or abets any such contravention or who fails to comply with any provision of this Act with which it was his duty to comply, where no express penalty is elsewhere provided for such contravention or failure, shall be liable to a penalty not exceeding [1][four lakh rupees].*

In the instant case, the repeated failure on the part of Shri Hardik Yashvantray Rana to appear before the Investigating Officer or to produce the requisite documents, despite due service of summons dated 06.03.2026, 27.03.2026 and 21.04.2026, indicates a deliberate and continued attempt to evade examination and to withhold an explanation regarding the discrepancy between the description of the goods declared as "Distillate Marine Oil" and the test results indicating off-specification parameters. Further, no explanation or documentary evidence has been brought on record by him to substantiate the procurement of the subject product as genuine "Distillate Marine Oil" despite the material variation in its characteristics and specifications. Such acts of omission and commission on the part of Shri Hardik Yashvantray Rana, including his failure to comply with the summons and to furnish relevant documents and information within his knowledge, have impeded the investigation and rendered him liable to penalty under Section 117 of the Customs Act, 1962.

22.11 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.*

VALUATION:

23. From the foregoing paragraphs, it is evident that M/s. Global Sale Trade was involved in the mis-declaration of the subject goods with regard to their description and classification. The declared transaction value under Rule 3 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 can be accepted only where the value declared represents the price actually paid or payable for the imported goods, subject to the conditions and provisions prescribed under the said Rules. In the instant case, the material discrepancies relating to the description and classification of the imported goods, as established during the course of investigation, cast serious doubt on the correctness and reliability of the particulars declared in the Bill of Entry, including the declared value. Further, the importer has not been able to satisfactorily substantiate the declared value by producing reliable and contemporaneous commercial documents establishing the actual price paid or payable for the subject goods. Accordingly, the declared assessable value of Rs. 11,05,89,633/- in respect of Bill of Entry No. 7241450 dated 31.01.2026 appears not to represent the true transaction value of the imported goods under Rule 3 of the said Rules and, therefore, merits rejection in terms of Section 14 of the Customs Act, 1962, read with Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. Consequently, the value of the subject goods is required to be re-determined by sequentially proceeding through Rules 4 to 9 of the said Rules, in the order prescribed therein, which are discussed hereunder in the sequence in which they are required to be applied.

23.1 Rule 4 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 provides for determination of value on the basis of the transaction value of **identical goods** sold for export to India and imported at or about the same time as the goods being valued. In the instant case, no data pertaining to the import of identical goods, *i.e.,* High Flash High Speed Diesel (HFHSD) of the same physical characteristics, quality and reputation, originating from the same country and producer, imported at or about the same time as the impugned goods, is available on record. The value is, therefore, not determinable under Rule 4.

23.2 Rule 5 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 provides for determination of the value of imported goods on the basis of the transaction value of **similar goods** sold for export to India and imported at or about the same time as the goods being valued. For application of Rule 5, the availability of reliable and contemporaneous import data relating to comparable goods is a necessary consideration. In the instant case, the import data available for the period immediately preceding and succeeding the date of the impugned Bill of Entry, has been examined with a view to identifying any contemporaneous imports of goods of Oman origin comparable to the subject goods and classifiable under CTH 2710 19 49. It is observed that no other Bill of Entry evidencing import of comparable goods of Oman origin, exported from United Arab Emirates (UAE/Port Code: "AE"), declared UQC in MTS/Kgs under the said CTH, during the aforesaid period, is available at any Customs station in India. Consequently, no contemporaneous transaction value of similar goods is available on record which could appropriately be adopted for determination of the value of the subject goods under Rule 5. Moreover, the import of goods falling under the said CTH is subject to the applicable **policy condition 5 of Chapter 27 of the Customs Tariff Act, 1975**, under which such goods are restricted and permitted through **State Trading Enterprises (STEs)**, subject to the prescribed conditions. In the present case, the importer did not possess the requisite authorisation/licence for undertaking such restricted imports. The circumstances of such imports, therefore, are materially different from the transaction under consideration and do not provide a reliable and directly comparable basis for valuation. Accordingly, in the absence of any contemporaneous import transaction involving **similar goods** and having regard to the material differences in the circumstances and commercial conditions of the available import transactions, the declared or available transaction values cannot be safely adopted for determining the value of the subject goods under Rule 5. It is, therefore, considered appropriate **not to base the valuation of the subject goods on Rule 5** alone, and the valuation is required to be examined further in terms of the subsequent rules in the sequential order prescribed under the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

23.3 Rule 6 of the said Rules provides if the value of imported goods cannot be determined under the provisions of Rules 3, 4 and 5, the value shall be determined under the provisions of Rule 7 or, when the value cannot be determined under that Rule, under Rule 8.

23.4 Rule 7 of the said Rules provides for determination of value on a deductive basis, with reference to the unit price at which the imported goods, or identical or similar imported goods, are sold in India, in the condition as imported, to persons who are not related to the seller. In the instant case, the subject goods, being under seizure, have not been sold in India in the condition as imported, and no data as to their resale in India is, therefore, available. The value is, accordingly, not determinable under Rule 7.

23.5 Rule 8 of the said Rules provides for determination of a computed value, based on the cost or value of materials and fabrication employed in producing the goods, together with an amount for profit and general expenses usual in sales of goods of the same class or kind by producers in the country of exportation. No data regarding the cost of production, materials, or manufacturing/blending expenses incurred by the foreign supplier is available on record, such data being outside the knowledge and control of the Department. The value is, accordingly, not determinable under Rule 8.

23.6 Rule 9 of the said Rules provides that, 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 the said Rules, and on the basis of data available in India**. Since the value of the subject goods could not be determined under Rules 4 to 8 for the reasons discussed hereinabove, the value is accordingly determined under Rule 9 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, on the basis of the objective and quantifiable data available, as detailed hereunder.

23.6.1 In this regard, it is observed that the importer had declared the subject goods as having originated from Oman and exported from UAE. However, on verification of the contemporaneous import data available at Indian Customs stations, it was found that no other Bill of Entry involving import of goods classifiable under **CTH 2710 19 49** and having Oman as the country of origin was filed during the period from January 2026 to February 2026, covering the period surrounding the date of the impugned Bill of Entry. Consequently, no contemporaneous and directly comparable transaction value in respect of goods of **Oman origin** was available on record for determination of the value of the subject goods.

23.6.2 In the absence of comparable contemporaneous import data evidencing imports of goods of Omani origin and exported from UAE, the available contemporaneous import data pertaining to goods originating in and exported from the United Arab Emirates (UAE/ port code "AE") have been examined. The UAE, being geographically proximate to Oman and a significant regional source of petroleum products, constitutes a relevant and reasonable basis for such comparison. It is observed that, during the aforesaid two-month period, contemporaneous imports of the similar commodity, i.e. High Speed Diesel, classifiable under the same CTH 2710 19 49, were made into India from the UAE. Further, in the instant case, although the importer has declared the subject goods as being of Omani origin, the country of export/consignment declared in the Bill of Entry is the United Arab Emirates ("AE"). Thus, the declared country of export, coupled with the absence of comparable contemporaneous import data for goods of Omani origin, provides an additional factual basis for examining the contemporaneous UAE import data as a relevant and reasonable benchmark for arriving at an objective and rational determination of the assessable value of the subject goods.

23.6.3 Moreover, the import of goods falling under the said CTH is subject to the applicable **policy condition 5 of Chapter 27 of the Customs Tariff Act, 1975**, under which such goods are restricted and permitted through **State Trading Enterprises (STEs)**, subject to the prescribed conditions. In the present case, the importer did not possess the requisite authorisation/licence for undertaking such restricted imports. The said contemporaneous data, being the best relevant and reliable data actually available in respect of the same commodity and the same tariff classification, is being considered for determination of value under **Rule 9**, after sequential examination of the preceding valuation rules and upon finding that the value could not reasonably be determined thereunder.

23.6.4 Accordingly, with a view to arriving at a fair, reasonable and objective value based on the contemporaneous import transactions actually available on record for said restricted goods, the average unit price of all Bills of Entry covering imports under CTH 2710 19 49, having "AE" as the Country of Consignment (CCON), filed during the period from January 2026 to February 2026, has been adopted as the reasonable basis for determination of the value of the subject goods under Rule 9 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. The adoption of such data is considered appropriate in the facts and circumstances of the present case, as it provides an objective and contemporaneous benchmark relating to the same commodity and tariff classification, while avoiding reliance on arbitrary or unrelated valuation data.

23.6.5 The details of the said Bills of Entry, all pertaining to Country of Consignment "AE" and classifiable under CTH 2710 19 49, filed during January-2026 to February-2026, are tabulated below:

Sl. No.	BE No.	Importer	Qty (Ltr)	Unit Price (USD/Ltr)
1	6730534 dt. 06.01.2026	Bharat Chemical	2,46,186	0.582646
2	6730560 dt. 06.01.2026	Bharat Chemical	2,45,557	0.582646
3	6884152 dt. 14.01.2026	Link Enterprises	2,36,856	0.694907
4	7147123 dt. 27.01.2026	Bharat Chemical	2,45,363	0.582647
5	7147125 dt. 27.01.2026	Bharat Chemical	2,45,484	0.582647
6	7140250 dt. 27.01.2026	Link Enterprises	4,89,395	0.685257
7	7147122 dt. 27.01.2026	Bharat Chemical	2,49,090	0.582646
8	7466791 dt. 12.02.2026	Link Enterprises	4,85,762	0.665659
9	7469349 dt. 12.02.2026	Link Enterprises	2,48,309	0.674506
10	7469043 dt. 12.02.2026	Link Enterprises	2,48,550	0.674507
11	7670135 dt. 21.02.2026	Link Enterprises	4,75,353	0.673697
12	7726290 dt. 24.02.2026	Bharat Chemical	3,55,909	0.578513
13	7726293 dt. 24.02.2026	Bharat Chemical	3,55,304	0.578513
			AVERAGE:	**0.626060**

23.6.6 On the basis of the aforesaid 13 (thirteen) comparable Bills of Entry, the simple average unit price works out to **USD 0.626060 per Litre**. As per the Test Report of the CRCL, Visakhapatnam bearing Lab No. 787/DRI dated 23.02.2026, the density of the representative sample was determined as 0.821 g/ml (i.e., 0.821 Kg per Litre). Applying the said density, the quantity of the subject goods, weighing 2,389 MTS as per gauging report (i.e., 23,89,000 Kg), works out to **29,09,866.02 Litres** (23,89,000 Kg ÷ 0.821 Kg/Litre). The value of the subject goods is, accordingly, re-determined under Rule 9 of the Customs Valuation (Determination of Value of Imported Goods)

Rules, 2007, as under: **29,09,866.02 Litres × USD 0.626060/Litre = USD 18,21,750.72; USD 18,21,750.72 × Rs. 91.68/USD (being the exchange rate prevailing on 31.01.2026, the date of the impugned BE) = Rs.16,70,18,106/-**

23.6.7 Thus, the value of the goods, declared and re-determined, is tabulated as under:

BE No. & Date	Declared Description & CTH	Correct Description & CTH	Qty as per gauging report (MTS)	QTY Quantified in LTRs	Declared Value (Rs.)	**Re-determined Value (Rs.)**
7241450 dated 31.01.2026	Distillate Marine Oil CTH: 27101961	High Flash High Speed Diesel; CTH 27101949	2,389	29,09,866.02	11,05,89,633/-	**16,70,18,106**/-

23.7 It thus appears that the declared assessable value of Rs. 11,05,89,633/- is lower than the re-determined value of **Rs.16,70,18,106/-**, the difference being approximately Rs. 5,64,28,473/-. The declared value, being not acceptable as the true transaction value under Section 14 of the Customs Act, 1962, is liable to be rejected under Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, and is accordingly re-determined under Rule 9 thereof, as computed above. The said undervaluation, being in addition to the mis-declaration and mis-classification already discussed in the foregoing paragraphs, further renders the goods liable for confiscation under Section 111(d) , 111 (l) and 111(m) of the Customs Act, 1962, insofar as the goods do not correspond in respect of value with the entry made in the Bill of Entry.

<u>ROLE AND CULPABILITY OF THE IMPORTER:</u>

24. Whereas, from the facts narrated in the foregoing paragraphs and the evidence gathered during investigation, it appears that **Shri Hardik Yashvantray Rana, Proprietor of M/s. Global Sale Trade**, being the sole proprietor, was the sole decision-maker responsible for all business operations of the firm, including the filing of the Bill of Entry No. 7241450 dated 31.01.2026 and the declaration of the description of the imported goods therein. Since M/s. Global Sale Trade is a proprietorship concern and possesses no legal existence independent of its proprietor, the acts and omissions of the firm in relation to the impugned import are, in law, the acts and omissions of Shri Hardik Yashvantray Rana himself.

24.1 And whereas it appears that Shri Hardik Yashvantray Rana was fully aware of the true nature of the goods being imported, and knowingly declared the same as "Distillate Marine Oil" with a view to importing restricted HFHSD without complying with the applicable import conditions. This appears evident from: (i) the procurement of a product with a Flash Point as low as 56°C/52.5°C against the minimum prescribed standard of 60°C for Marine Fuel, which is reflected even in the supplier's own Certificate of Analysis showing a Flash Point of 51°C; (ii) the complete and repeated failure to appear before the investigating officer or produce any document despite due service of summons dated 06.03.2026, 27.03.2026 and 21.04.2026, which suggests a deliberate attempt to avoid explaining the discrepancy between the declared description and the actual test results; and (iii) the absence of any explanation on record for having procured a product with such off-specification parameters as genuine Distillate Marine Oil.

24.2 Thus, by knowingly mis-declaring and mis-classifying the imported goods with a view to importing restricted HFHSD under the garb of freely importable Distillate Marine Oil, and by his deliberate non-cooperation with the investigation, **M/s. Global Sale Trade and Shri Hardik Yashvantray Rana, appears to have rendered themselves liable for penal action under Sections 112(a)/112(b) and 114AA of the Customs Act, 1962**, respectively, for their deliberate and conscious involvement in the illegal importation of restricted petroleum goods through mis-declaration and mis-classification of the imported goods as explained in detailed under para 22, above.

<u>CONFISCATION OF GOODS:</u>

25. Whereas, from the facts and evidence discussed in the foregoing paragraphs, it appears that M/s. Global Sale Trade, Bhavnagar imported 2389 MTS of goods having an assessable value of **Rs.11,05,89,633/- (re-determined to Rs.16,70,18,106/-)** vide Bill of Entry No. 7241450 dated 31.01.2026, declaring the same as “Distillate Marine Oil” under CTH 2710 19 61, do not conform to the declared description and specification. The said importer had failed to submit COQ issued by the manufacturer of the imported goods to ascertain the correct specification and the laboratory reports obtained during the course of investigation establish that the representative sample does not fully satisfy the prescribed requirements of the declared product under IS 16731. The Central Revenue Control Laboratory (CRCL), Visakhapatnam, after undertaking chemical examination of the representative sample, has specifically opined that "**The sample is most akin to HFHSD**." The subsequent examination conducted by the Indian Oil Corporation Limited (IOCL), Haldia Refinery, also did not certify the sample as conforming to the declared specification and reported that the sample failed to satisfy the prescribed requirements of IS 16731, IS 16861, and IS 1460 in their entirety. Accordingly, it appears that the imported goods, though declared as "Distillate Marine Oil (Bulk Vessel)" under CTH 2710 19 61, possess characteristics inconsistent with the declared description and have, on the basis of their overall analytical profile, been determined by the CRCL, Visakhapatnam to be **"most akin to High Flash High Speed Diesel (HFHSD)."**

25.1 It is further pertinent to note that the supplier’s own Certificate of Analysis, furnished in respect of the said consignment, itself records a Flash Point of **51°C**, which is well below the minimum prescribed standard of 60°C applicable to genuine Distillate Marine Oil, and is consistent with the parameters of High Flash High Speed Diesel (HFHSD) as found upon testing. This off-specification procurement, evident from the supplier’s own documentation, further corroborates the finding that the goods actually imported were not Distillate Marine Oil as declared, but were HFHSD mis-declared and mis-classified with a view to circumventing the applicable import restrictions.

25.2 Further, Merchant Shipping Notice No. 3 of 2014, issued vide F. No. ENG/MARPOL-38(5)/04-Vol-II dated 19.02.2014 by the Directorate General of Shipping (DGS), Mumbai, mandates that a company registered in India which undertakes the responsibility of delivering bunkers to a ship or installation by barge, OSV, road tanker or directly from shore is required to possess a valid 'Bunker Supplier Registration Certificate (BSRC)' issued by the Directorate General of Shipping. The said Notice further defines a 'Product Supplier (PS)' as a company registered in India which supplies bunker/product to a Bunker Supplier. The Product Supplier is responsible for the final blending of the fuel delivered to the Bunker Supplier and is required to provide the Bunker Supplier with a declaration confirming the quality of the fuel, which, at a minimum, shall conform to the specifications prescribed under the latest **ISO 8217** quality standard in force. Further, where the Product Supplier assumes the additional responsibilities and obligations of the Bunker Supplier for delivering fuel oil to ships, such Product Supplier is required to comply with all the requirements stipulated in the said Notice and possess a valid BSRC issued by the DGS. The Notice also mandates that the bunker delivered to ships shall comply with the relevant requirements of IMO Regulations under Annex VI of MARPOL 73/78, as amended, and the latest quality standards prescribed under ISO 8217, with the more stringent common quality parameters being applicable.

25.3 In the instant case, however, IOCL, Haldia Refinery, in Table-1 of its Test Report dated 11.03.2026, has specifically observed that **"The sample does not meet the requirement of ISO 8217 and IS 16731 with respect to flash point."** Thus, the test report categorically establishes that the imported product failed to conform to the prescribed requirements of ISO 8217 and IS 16731 in respect of the flash point parameter. Consequently, the imported goods cannot be considered as conforming to the prescribed specifications of 'Distillate Marine Fuel' merely on the basis of the description declared in the subject Bill of Entry. Therefore, it appears that the goods imported vide the subject Bill of Entry do not conform to the specifications and essential quality parameters applicable to Distillate Marine Fuel and, accordingly, the declaration made by the importer regarding the description, specifications and classification of the goods appears to be incorrect. On this count also, the imported goods appear to have been mis-declared with regard to their description, specifications and corresponding Customs Tariff Heading (CTH), rendering the goods liable to consequential action under the provisions of the Customs Act, 1962.

25.4 Accordingly, it appears that the imported goods have been mis-declared with respect to their description and classification, inasmuch as the goods declared as "Distillate Marine Oil (Bulk Vessel)" under CTH 2710 19 61 do not conform to the declared specification and have been opined by the Central Revenue Control Laboratory (CRCL), Visakhapatnam, to be **"most akin to High Flash High Speed Diesel (HFHSD)"** on the basis of their overall analytical profile. Consequently, the goods appear to be liable to confiscation under Section 111(m) of the Customs Act, 1962, for having been imported by means of a material misdeclaration in respect of their description and classification. It further appears that the subject goods, being most akin to High Flash High Speed Diesel (HFHSD), are appropriately classifiable under CTH 2710 19 49, which is a Restricted tariff entry under Schedule I (Import Policy) of the ITC (HS), 2022, read with Policy Condition No. 5 of Chapter 27. In the absence of any valid authorisation or fulfilment of the conditions prescribed for import of such restricted goods, the import appears to have been effected in contravention of the provisions of the Foreign Trade (Development and Regulation) Act, 1992, read with the Foreign Trade Policy, thereby rendering the goods liable to confiscation under Section 111(d) of the Customs Act, 1962.

25.5 It is further observed that the subject goods were seized under Section 110 of the Customs Act, 1962, vide Seizure Memo dated 27.02.2026, on the basis of a reasonable belief that they were liable to confiscation under the provisions of the said Act. Such reasonable belief was formed on the basis of the test report issued by the Central Revenue Control Laboratory (CRCL), Visakhapatnam, which was available at the relevant point of time and had specifically concluded that the representative sample was "most akin to High Flash High Speed Diesel (HFHSD)."

25.6 In view of the foregoing facts, evidence and discussion, the goods measuring 2,389 MTS, having declared assessable value of **Rs.11,05,89,633/- (re-determined to Rs.16,70,18,106/-),** imported by M/s. Global Sale Trade, Bhavnagar under Bill of Entry No. 7241450 dated 31.01.2026, appear to be liable to confiscation under the provisions of Sections 111(d) , 111 (l) and 111(m) of the Customs Act, 1962, inasmuch as the import appears to have been effected in contravention of Policy Condition No. 5 of Chapter 27 of Schedule I (Import Policy) of the ITC (HS), 2022, read with the provisions of the Foreign Trade (Development and Regulation) Act, 1992 and the Foreign Trade Policy, and the goods also appear to have been miss-declared with regard to their description and classification in the Bill of Entry.

26. Whereas, without prejudice to the foregoing findings, and even assuming, without admitting, that the goods imported by the said importer correspond to those declared in the subject Bill of Entry and are correctly classifiable under CTH 2710 19 61 as Distillate Marine Fuel, the contention subsequently advanced by the importer that the goods were intended to be supplied to an SEZ unit for authorised operations is not found to be supported by the contemporaneous record.

26.1 It appears that the legality of an import is required to be examined with reference to the date of importation and the facts and circumstances prevailing at that point of time. In the instant case, the importer has failed to produce any contemporaneous documentary evidence, existing prior to the seizure of the subject goods by DRI, AZU, Ahmedabad, to substantiate the claim that the goods were intended for supply to an SEZ unit, such as any contract executed with an SEZ unit, purchase order, end-use declaration referring to an SEZ unit, correspondence evidencing an intention to supply the imported goods to an SEZ unit, or any other material demonstrating that the proposed recipient SEZ unit had, prior to the import or seizure, intended to procure the subject goods.

26.2 On the contrary, not a single import document, including the Bill of Entry, commercial invoice, packing list, bill of lading, import declaration, or any other document filed or relied upon at the time of import, disclose that the subject goods were intended for supply to any SEZ unit. The plea that the imported goods were intended for supply to an SEZ unit was raised only subsequent to the pronouncement of the judgment of the Hon'ble Gujarat High Court in **M/s. Fairfield Industries LLP v. Union of India, Ministry of Finance & Ors.** In absence of any contemporaneous documentary evidence supporting such claim, the said plea cannot be accepted as appears to be an afterthought advanced with a view to overcoming the legal consequences arising from non-compliance with the applicable import conditions governing the import of Distillate Marine Fuel. Accordingly, the importer's belated plea regarding the intended supply of the subject goods to an SEZ unit, being unsupported by any contemporaneous documentary evidence existing prior to the import and seizure of the subject goods, is devoid of evidentiary value and is therefore liable to be rejected.

26.3 Further, even assuming that the importer now proposes to supply the subject goods to an SEZ unit for authorised operations, such subsequent proposal cannot retrospectively determine or alter the legality of the import as on the date on which the goods were imported. The legality of the import has necessarily to be examined with reference to the Customs Act, 1962, the Foreign Trade Policy and the applicable regulatory requirements in force on the date of importation. If the subject goods, being Distillate Marine Fuel classifiable under CTH 2710 19 61, were subject to specified import conditions on the date of import, compliance with such conditions as discussed in Para *supra* was required to exist at the time of importation of subject goods. A subsequent change in the proposed destination or end use of the goods cannot retrospectively cure any deficiency or non-compliance existing at the time of import, unless the governing statutory framework specifically permits post-import regularisation, which has neither been pleaded nor established in the present case.

26.4 Accordingly, the subsequent assertion regarding intended supply of the imported goods to an SEZ unit does not alter the legal character of the import nor does it absolve the importer from compliance with the import conditions applicable on the date of importation.

27. In view of the above, **M/s. GLOBAL SALE TRADE, Third Floor, Shop No. 313, Ratan Deep Complex, Waghawadi Road, Bhavnagar, Gujarat, 364001 {PPoB: Shade No. F6, Plot No-335, Motitalav Road, Kumbharwada, Bhavnagar, Gujarat, 364001} and Proprietor Shri Hardik Yashvantray Rana**, are hereby called upon to Show Cause to the **Additional/Joint Commissioner of Customs, Kandla Port (Port Code: INIXY1)** having his office at First Floor, Customs House Kandla, Near Balaji Temple, Kandla, District Kutch, within thirty days from the receipt of this notice as to why:

a. The classification of the goods covered under Bill of Entry No. 7241450 dated 31.01.2026, declared as "Distillate Marine Oil" under CTH 2710 19 61, should not be rejected and the same should not be re-classified under CTH 2710 19 49, being goods most akin to High Flash High Speed Diesel (HFHSD), in terms of the Customs Tariff Act, 1975 read with the General Rules for Interpretation;

b. The goods admeasuring 2389 MTS, having a declared assessable value of Rs. 11,05,89,633/- (Rupees Eleven Crores Five Lakhs Eighty-Nine Thousand Six Hundred and Thirty-Three only), imported under the aforementioned Bill of

Entry, should not be rejected in terms of Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 (CVR, 2007), and the assessable value thereof should not be re-determined at **Rs. 16,70,18,106/- (Rupees Sixteen Crores Seventy Lakhs Eighteen Thousand One Hundred and Six only)**, as discussed in the foregoing paragraphs. Consequently, the said goods should not be held liable for confiscation under Section 111(d) of the Customs Act, 1962, on the ground that the import of the subject goods, classifiable under CTH 27101949, was restricted and permitted only through STEs in terms of the applicable Import Policy. The goods should not be held liable for confiscation under Section 111(l) of the Customs Act, 1962, on account of short declaration made by the importer in terms of quantity as discussed hereinabove. Further, the said goods should not be held liable for confiscation under Section 111(m) of the Customs Act, 1962, on account of misdeclaration/misclassification, as discussed hereinabove.

c. Penalty should not be imposed upon **M/s. Global Sale Trade** under the provisions of **Sections 112(a)/112(b) of the Customs Act, 1962**.

d. Penalty should not be imposed upon **Shri Hardik Yashvantray Rana,** under the provisions of **Sections 114AA of the Customs Act, 1962**.

e. Penalty should not be imposed upon **Shri Hardik Yashvantray Rana,** under the provisions of **Sections 117 of the Customs Act, 1962**.

28. The aforesaid Noticee is to submit their written reply within 30 days before the adjudicating authority. In their reply, they should clearly state whether they wish to be heard in person or not. In case no such request is made or they do not appear before the adjudicating authority on the date and time fixed, without any sufficient cause, the case will be decided *ex-parte* on the basis of available records without any further reference to them.

29. This Notice is issued only in respect of issues discussed in the notice and the goods mentioned against the Bill of Entry discussed hereinabove. The Department reserves its right to add, amend, modify, etc. this notice based on any fresh facts or evidence which may come to the notice of the Department after issue of this notice but prior to adjudication thereof.

30. This Notice is issued without prejudice to any other action that may be taken in respect of the impugned goods and/or the persons/company mentioned in the notice, under the provisions of the Customs Act, 1962 and/or any other law for the time.

31. List of the documents relied upon in this notice (RUDs) are as per **Annexure-A** attached with this notice.

Enclosures: Annexure – A (RUDs)

25/8/26

(Shweta Pachaury)
Additional Commissioner,
Custom House, Kandla

DIN: 20260871ML00009E2D7D

To,

(i) **M/s. Global Sale Trade (IEC No. BIAPR9563E),**
Third Floor, Shop No. 313,
Ratan Deep Complex, Waghawadi Road,
Bhavnagar, Gujarat – 364001
(E-Mail ID: globalsaletrade92@gmail.com)

(ii) **Shri Hardik Yashvantray Rana,**
Proprietor of M/s. Global Sale Trade,
Third Floor, Shop No. 313,
Ratan Deep Complex, Waghawadi Road,
Bhavnagar, Gujarat – 364001
(E-Mail ID: globalsaletrade92@gmail.com)

Copy To:

(i) The Joint Director, Directorate of Revenue Intelligence Zonal Unit, Ahmedabad.
(ii) The Deputy/Assistant Commissioner, Appraising Group-I, Custom House, Kandla.
(iii) The Deputy/Assistant Commissioner (Bond), Custom House, Kandla.
(iv) The Superintendent (EDI Section), Custom House, Kandla for uploading the same on official website.
(v) Guard File.

"ANNEXURE-A" TO THE INVESTIGATION REPORT ISSUED IN THE CASE OF M/S. GLOBAL SALE TRADE (IEC NO. BIAPR9563E), THIRD FLOOR, SHOP NO. 313, RATAN DEEP COMPLEX, WAGHAWADI ROAD, BHAVNAGAR, GUJARAT – 364001.

Sr. No.	Description	RUD No.
1.	**Merchant Shipping Notice No. 3 of 2014**, issued vide F. No. ENG/MARPOL-38(5)/04-Vol-II dated 19.02.2014 by the Directorate General of Shipping (DGS), Mumbai.	**RUD-1**
2.	**Panchnama** dated 04.02.2026.	**RUD-2**
3.	**Test Memo No. 01/2026** Sample sent to Central Revenue Control Laboratory (CRCL), Visakhapatnam vide letter F. No. DRI/AZU/GI-02/INT-02/2026 dated 12.02.2026.	**RUD-3**
4.	**Test Report bearing Lab No. 787/DRI dated 23.02.2026** received from the Central Revenue Control Laboratory (CRCL), Visakhapatnam.	**RUD-4**
5.	**Test Memo dated 11.03.2026** for forwarding Sample ID: DRI/AZU/GI-02/INT-02/2026 to the Indian Oil Corporation Limited (IOCL), Refinery at Haldia.	**RUD-5**
6.	**Final Test Report vide e-mail dated 08.04.2026** received from Indian Oil Corporation Limited (IOCL), Haldia Refinery.	**RUD-6**
7.	**E-mail dated 15.04.2026** received from IOCL, Haldia Refinery	**RUD-7**
8.	**Certificate of Analysis** of supplier M/s. Global International Trade Link FZE.	**RUD-8**
9.	**Letter of Approval (LoA)** issued to M/s. AADK Petroleum Pvt. Ltd., Kandla SEZ, by the Development Commissioner vide F. No. KASEZ-IA/5/796/Vol.I-4356 dated 26.11.2025	**RUD-9**