सीमा शुल्क आयुक्त का कार्यालय
OFFICE OF THE COMMISSIONER OF CUSTOMS
नवीन सीमा शुल्क भवन, बालाजी मंदिर के निकट,कांडला
New Custom House, Near Balaji Temple, Kandla
E-mail Id: adj.kandla-customs@gov.in

DIN: 20260971ML00001ADCDA

F. No. GEN/ADJ/ADC/1312/2026-Adjn-O/o Commr-Cus-Kandla Date: 01.09.2026

SHOW CAUSE NOTICE

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

M/s Oilbiz Energy (IEC: CQXPM6822P), having its registered office/principal place located at GF/2, Plot No. 328-329-330/A, Moti Talav Road, Kumbharwada, Bhavnagar-364006 (hereinafter referred to as *M/s. Oilbiz Energy* or *the Importer*), imported goods vide Bill of Entry No. 6706696, 6706698, 6706699 and 6706723 (*X Bond B/E- 6853528*) all dated 05.01.2026 **(RUD-01)** at Customs House, Kandla, Gujarat.

1.2 Specific intelligence gathered by the Directorate of Revenue Intelligence (DRI) indicated that the aforesaid consignment imported by M/s. Oilbiz Energy lying at Port Kandla and declared as *Distillate Marine Oil* under CTH 27101961, was mis-declared with respect to its description and nature, with the deliberate intent to clear restricted/canalized goods.
The details of the import consignment are as follows:

Table-I

Bill of Entry No.	6706696, 6706698, 6706699 and 6706723 all dated 05.01.2026
Declared Goods in BE	Distillate Marine Oil
CTH (Declared)	2710 1961
Port of Import	Port Kandla, Gujarat
Country of Origin/Load Port	Oman
Supplier	Alliance Global Trading FZE, Hamriyah Free Zone, Sharjah, UAE

1.3 Based on the aforesaid intelligence, the consignment imported by M/s. Oilbiz Energy lying at Kandla Port and declared as *Distillate Marine Oil* under CTH

27101961 was put on hold by DRI vide email dated 12.01.2026.

Examination and Drawl of Samples:

2.1 After the consignment arrived at Kandla Port, Gujarat, and upon customs clearance, the consignment was transferred to a Customs Bonded Storage Tank. Thereafter, vide Panchnama dated 24.01.2026 DRI drew representative samples, in triplicate, for laboratory testing to ascertain the exact nature of the imported goods in the said consignment. **(RUD-02)**

2.2 As mentioned above, a fresh sample was taken and sent to Mangalore Refinery and Petrochemical Ltd (MRPL) vide Test Memo No-904 dated 05.02.2026 for testing against the stringent requirements of Automotive Diesel Fuel (IS 1460:2025) (ADF) and also for High Flash High Speed Diesel (HFHSD) (IS 16861:2018).

3.Testing of the Samples:

3.1 Initially, the samples drawn by the Customs field formation from the consignment covered under Bill of Entry No. 6706699 dated 05.01.2026 were sent by the Customs to CRCL, Vadodara, which issued its test report dated 09.01.2026 **(RUD-03)**. The test reports in respect of the samples, based on the parameters tested by the laboratory, inter alia indicated that:

Your kind attention is invited to the note "f" given below the Table.1 in 16731:2019 of "Distillate Marine Fuel" for the test parameter "Cloud Point" which stipulates that "Pour point cannot guarantee operability for all ships in all climates. The purchaser should confirm that the cloud flow characteristics (pour point, cloud point, cold filter plugging point) are suitable for the ship's design and intended voyage see 6.11"

Specific Comment: On going through the guideline given under IS: 16731:2019 of Distillate Marine Fuel the value of cloud point (-16°C, Max given for DMX Category of Distillate Marine Fuel) reads together with the note "f" as detailed above, it is learnt that the value of parameter cloud point may not be considered as stringent or fixed value but will vary based on the sutailiblity for the ship's design, its intended voyage and will apply for the use suitability purpose.

3.2 Further, for comprehensive testing of all parameters, fresh sample was drawn by DRI and sent to Mangalore Refinery and Petrochemicals Limited (MRPL) on 05.02.2026. Mangalore Refinery and Petrochemicals Limited (MRPL) is a well-equipped renowned refinery notified in Schedule III of Motor Spirit and High-Speed Diesel (Regulation of Supply, Distribution and Prevention of Malpractices) Order, 2005 issued by the Government of India in exercise of the powers conferred by Section 3 of the Essential Commodities Act, 1955.

3.3 MRPL issued its test report vide Report No. MRPL/DRI/2026/17 dated 10.04.2026 **(RUD-04)**. Based on the test report issued by the MRPL, it was analysed that:

- Out of the stringent parameters prescribed under IS 1460:2025 for Automotive Diesel Fuel, the sample meets the IS requirements except parameters-*total sulphur (0.192% against maximum 10 mg/kg) and lubricity (510 µm against maximum 460 µm).*

3.4 A parameter-wise combined assessment of the consignment was undertaken based on a comparative analysis of the test reports issued by MRPL, evaluated against all twenty-one (21) parameters specified under IS 1460:2025 for Automotive Diesel Fuel. The consolidated results of this assessment are reproduced in the Table below.

Table-II

Sr. No.	**Parameter**	**IS 1460:2025 Limit**	**B.E. No. 6706696, 6706698, 6706699 and 6706723 (Result / Match) with IS 1460:2025**	**Remarks**
1	Flash Point (°C)	Min. 35°C	51°C / MATCHING	Within range
2	Sulphur Content (Total, mg/kg)	Max. 10 mg/kg	~1920 mg/kg (0.192%) / NOT MATCHING	Addition of Sulphur/not undergone Desulfurization
3	Cetane Number	Min. 51.0	51.1 / MATCHING	Within range
4	Lubricity (WSD @60°C, µm)	Max. 460	510 µm / NOT MATCHING	High Lubricity due to high Sulphur content
5	Appearance (Visual)	Clear and bright, free from sediments, suspended matter and undissolved water at normal ambient fuel temperature	Clear and bright / MATCHING	Within range
6	Total Acid Number (mg KOH/g)	Max. 0.20	0.02 / MATCHING	Within range
7	Ash Content (% by mass)	Max. 0.01	<0.001 / MATCHING	Within range

Sr. No.	Parameter	IS 1460:2025 Limit	B.E. No. 6706696, 6706698, 6706699 and 6706723 (Result / Match) with IS 1460:2025	Remarks
8	Cetane Index (Calculated)	Min. 46	53.4 / MATCHING	Within range
9	Carbon Residue on 10% Residue (% by mass)	Max. 0.30	<0.1 / MATCHING	Within range
10	Density @15°C (kg/m³)	810 – 845	825.3 / MATCHING	Within range
11	Kinematic Viscosity @40°C (mm²/s)	2.0 – 4.5	2.452 / MATCHING	Within range
12	Pour Point (°C)	Max. +3°C (Winter)	-9°C / MATCHING	Within range
13	Distillation, 95% v/v Recovery (°C)	Max. 360	358.0 / MATCHING	Within range
14	Water Content (mg/kg)	Max. 200	60 / MATCHING	Within range
15	Cold Filter Plugging Point (CFPP) (°C)	Max. +6°C (Winter)	-3°C / MATCHING	Within range
16	Copper Strip Corrosion (3h at 100°C)	Max. Class 1	Class 1a / MATCHING	Within range
17	Total Contamination (mg/kg)	Max. 24	16/ MATCHING	Within range
18	Oxidation Stability (g/m³ / min)	Max 25 / Min 60 min	18 / >60 min / MATCHING	Within range
19	Polycyclic Aromatic Hydrocarbon (PAH) (% by mass)	Max. 8.0	2.8 / MATCHING	Within range
20	FAME Content (% v/v)	Max. 7.0	NIL / MATCHING	Within range
21	Oxidation Stability (with FAME above/below 2%)	Required only if blended with biodiesel	Not applicable – FAME absent / Within range	Within range

Sr. No.	Parameter	IS 1460:2025 Limit	B.E. No. 6706696, 6706698, 6706699 and 6706723 (Result / Match) with IS 1460:2025	Remarks
TOTAL	**21 Parameters tested**	**—**	**19/21 Matching; 2 NOT MATCHING (Sulphur, Lubricity)**	**19/21 parameters found meeting IS 1460:2025; Sulphur and Lubricity outside limits. Flash Point (51°C) meets IS 1460:2025 minimum of 35°C.**

3.5 The findings of MRPL Test Report, as compared against the parameters of IS 1460:2025 (Automotive Diesel Fuel) and IS 16861:2018 (HFHSD), are reproduced below:

Table-III

Sl. No.	Bill of Entry No. & Dated	Quantity	Declared Description	Sample Test Result	IS Standards
01.	6706696, 6706698, 6706699 and 6706723 all dated 05.01.2026	1750 MTs	Distillate Marine Oil	Conform to the parameters of Automotive Diesel Fuel (ADF)	IS 1460:2025

4. Whereas, the parameters of the aforementioned Test Reports highlighted in **Table-II** above suggested that the goods imported meets the requirements Automotive Diesel Fuel (ADF) conforming to standard IS 1460:2025

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

Table 1 Requirement for Automotive Diesel Fuel

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

Sl No.	Characteristic	Requirement	Method of Test, Ref to Parts of IS 1448 ISO/EN/Annex
(1)	(2)	(3)	(4)
i)	Appearance	Clear, bright and free from sediments, suspended matter and undissolved water at normal ambient fuel temperature	Visual
ii)	Total Acid Number (TAN), mg of KOH/g, *Max*	0.20	(Part 2)[8]
iii)	Ash, percent by mass, *Max*	0.01	(Part 4/Sec 1)[8]
iv)	Carbon residue, on 10 percent residue[1], percent by mass, *Max*	0.30	(Part 8)[8]/(Part 189)
v)	Cetane number, *Min*	51[2]	(Part 9)[8]
vi)	Cetane index, *Min*	46[2]	(Part 174)[8]
vii)	Pour point[3], °C, *Max*:		(Part 10/Sec 2)[8]
	a) Winter	3	
	b) Summer	15	
viii)	Copper strip corrosion for 3 h at 50 °C, *Max*	Class 1	(Part 15)[8]
ix)	Distillation, 95 percent *v/v* recovery, °C, *Max*	360	(Part 18)[8]/ISO 3405

Table 1 (*Concluded*)

Sl No. (1)	Characteristic (2)	Requirement (3)	Method of Test, Ref to Parts of IS 1448 ISO/EN/Annex (4)
x)	Flash point, Abel[4], °C, *Min*	35	(Part 20)[8]
xi)	Kinematic viscosity, mm^2/s, at 40 °C	2.0 to 4.5	(Part 25/Sec 1)[8]/(Part 186)
xii)	Total contamination, mg/kg, *Max*	24	EN 12662[8]
xiii)	Density at 15 °C, kg/m^3	810 to 845[5]	(Part 16)[8] /(Part 32)/(Part 167)
xiv)	Total sulphur, mg/kg, *Max*	10	(Part 160)[8]/(Part 34)/ (Part 161)/(Part 159)
xv)	Water content, mg/kg, *Max*	200	(Part 182)[8]
xvi)	Cold Filter Plugging Point (CFPP)[3], °C, *Max*:		(Part 110)[8]
	a) Winter	6	
	b) Summer	18	
xvii)	Oxidation stability[6], g/m^3, *Max*	25	(Part 154)[8]
	Oxidation stability[6], minutes, *Min*	60	EN 16091[12]
xviii)	Oxidation stability (for diesel fuel having FAME content of above 2 percent *v/v*), hours, *Min*	20	EN 15751[8]
	Oxidation stability (for diesel fuel having FAME content of above 2 percent *v/v*), minutes, *Min*	60	EN 16091
xix)	Polycyclic Aromatic Hydrocarbon (PAH), percent by mass, *Max*	8	EN 12916[8]
xx)	Lubricity, wear scar diameter (wsd) at 60 °C, µm, *Max*	460	(Part 149)[8]
xxi)	FAME content[7], percent *v/v*, Max	7.0	Annex B[8]

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

Table-IV

Sr No	Bill of Entry No.	Quantity	Product description as per analysis of Test Report (CRCL+MRPL)
1	6706696, 6706698, 6706699 and 6706723 all dated 05.01.2026	1750 MTs	Automotive Diesel Fuel (ADF) conforming to Standards IS 1460:2025

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

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

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

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

5 Confiscation and Seizure:

5.1 As per the test results above, it is evident that the importer had imported restricted petroleum products, by mis-declaring the same as "Distillate Marine Oil". The MRPL reports confirmed that the goods imported vide 6706696, 6706698, 6706699 and 6706723 all dated 05.01.2026 were in fact Automotive Diesel Fuel, which is restricted for import into India, and permissible only subject to Condition No. 5 of Chapter 27 of ITC(HS), 2022, Schedule 1 Import Policy issued by DGFT. Accordingly, the consignment covered under Bill of Entry No-6706696, 6706698, 6706699 and 6706723 all dated 05.01.2026 were seized vide Seizure memo dated 22.04.2026. **(RUD No-5).**

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

6.1 Statement of Shri Salman Musani, proprietor of M/s OILBIZ ENERGY (IEC No. CQXPM6822P) was recorded on 25.05.2026 (**RUD No-6**), wherein he interalia stated that:-

- That he is the proprietor of the firm. That he manages the complete operations of the firm. That he takes care of the complete operations of the firm.

- That he is the one who finalise the purchase orders. That he is involved in negotiating with the foreign suppliers. That all the negotiations are done through telephonic call only. Only import documents are received on the emails/whatsapp once all is finalised.

- That he takes care of the remittance.

- On being asked on what basis the goods were declared as "Distillate Marine Oil" in Bills of Entry No. 6706723, 6706696, 6706699 and 6706698 dated 05.01.2026 supplied by M/s Alliance Global Trading FZE, Sharjah, UAE, he stated that the order was placed for Distillate Marine Oil for industrial as well as bunker use. He further stated that the demand was received from buyers and the product was imported with the intention of earning profit.

- On being asked to furnish documentary evidence such as emails, messages, or contracts with bunker suppliers in India, he stated that no such written records were available since discussions with buyers were conducted telephonically. He further stated that although no bunker supply contract was in hand, there was an intention to establish such clients.

- On being shown the MRPL Sample Analysis Report No. MRPL/DRI/2026/17 dated 10.04.2026, which recorded that the sample met all parameters of Automotive Diesel Fuel except Sulphur and Lubricity, he stated that he had seen and signed the report. He further stated that the CRCL Vadodara report for Bill of Entry No. 6706696 also showed that the sample tallied with Automotive Diesel Fuel parameters except Sulphur and Lubricity.

- On being asked about the DGFT Import Policy requirements under IS 16731:2019 / ISO 8217:2017, which prescribe seven grades of Distillate Marine Fuel with minimum flash point criteria, he was informed that the MRPL test recorded a flash point of 51.0°C. He was told that such goods, if at all Distillate Marine Oil, could only fall under DMX grade meant for emergency-purpose marine engines. On being asked to furnish details of the intended vessels, rigs, or platforms, he stated that no such agreements existed prior to import.

- On being shown the judgment dated 30.04.2026 of the Hon'ble High Court of Gujarat in SCA No. 1615 of 2026, which held that Distillate Marine Fuel can only be used for marine purposes and not industrial, he stated that he acknowledged the Court's observation and agreed that the goods were to be used only for marine purposes, though he was unaware of this before import.

- On being asked whether M/s Oilbiz Energy held a Bunker/Product Supplier Registration Certificate, he stated that the firm did not possess such a certificate but intended to sell to a bunker supplier if required.

- On being asked whether the firm held a valid Quality Management System (ISO 9001) Certificate, he stated that no such certificate was available.

- On being asked to furnish contracts or sale agreements with bunker suppliers for the consignment, he stated that no such information was available at present as they were still searching.

- On being asked why the goods were declared as "Distillate Marine Oil" despite the absence of a Bunker/Product Supplier Registration Certificate, QMS Certificate, or record of bunker supplies, he stated that they believed the product could be used for both marine and non-marine purposes. He further stated that only after the Hon'ble Court's judgment did, they realise the goods were restricted to marine use.

- On being shown the Seizure Memo dated 22.04.2026 issued on the basis of the MRPL Test Report, which held that the goods declared as Distillate Marine Oil were in fact Automotive Diesel Fuel restricted under the Foreign Trade Policy, he stated that the order was placed only for Distillate Marine Oil, which he believed was free to import.

7. Hon'ble High Court of Gujarat Order and Judgement dated 30.04.2026 in R/Special Civil Application No. 1615 of 2026 and allied matters (RUD No. - 7):

7.1 During the course of investigation, the importer had filed Special Civil Application No. 2654 of 2026 before the Hon'ble High Court of Gujarat at Ahmedabad, challenging the seizure memo dated 22.04.2026 and seeking provisional release of their consignment. However, the said application was subsequently withdrawn by the importer in view of the judgment dated 30.04.2026 passed in R/Special Civil Application No. 1615 of 2026, arising from an identical issue concerning the import of Distillate Marine Oil, decided by the Hon'ble High Court of Gujarat at Ahmedabad in the case of M/s Fairfield Industries LLP v. Union of India, Ministry of Finance & Ors.

7.2 Observations of the Hon'ble High Court of Gujarat in R/SCA No. 1615 of 2026:

The Hon'ble High Court of Gujarat at Ahmedabad, vide its Judgment dated 30.04.2026 in R/Special Civil Application No. 1615 of 2026 (M/s Fairfield Industries LLP v. Union of India, Ministry of Finance & Ors.) (**RUD-07)**, dealt with the challenge to the Seizure Memo issued in respect of the consignment of "Distillate Marine Oil" imported by M/s Fairfield Industries LLP, which raised an identical and materially indistinguishable issue of import of Distillate Marine Oil as arises in the present consignment of M/s. Oilbiz Energy (Bill of Entry No. 6706696, 6706698, 6706699 and 6706723 all dated 05.01.2026 at Port Kandla). The observations of the Hon'ble Court in the aforesaid judgement are reproduced hereunder:

7.2.1 On the claim that Distillate Marine Fuel can be used for industrial purposes (Para 18-23):

The petitioner-(*M/s Fairfield Industries LLP*) placed reliance on Clause 1 (Scope) of IS 16731:2019/ISO 8217:2017, which reads:

> *"This document specifies the requirement for fuels for use in marine diesel engines and boilers, prior to conventional onboard treatment (settling, centrifuging, filtration) before use. The specifications for fuels in this document can also be applied to fuels used in stationary diesel engines of the same or similar type as those used for marine purpose. The document specifies seven categories of distillate fuels, one of which is for diesel engines used for emergency purposes. It also specifies six categories of residual fuels."*

The petitioner contended that the Distillate Marine Oil could be used for stationary diesel engines and industrial purposes. This contention was categorically rejected by the Hon'ble High Court, which held as under (Para 22-23):

> "*We are not inclined to accept the submissions of the petitioner for putting the Distillate Marine Oil for any other purposes, except marine purposes only by reading the scope of the IS for the following reasons:*
>
> *(a) IS 16731/ISO 8217 are prescribed for petroleum products – fuels (Class F) of marine fuels. The introduction of the IS reads as under:*
>
> *'This document was prepared in cooperation with ship owners, ship operators, shipping associations, national standard bodies, classification societies, fuel testing services, engine designers, marine fuel suppliers, fuel additive suppliers and the petroleum industry, to meet with the requirements for marine fuels supplied on a world-wide basis for consumption on board ships.'*
>
> *Thus, the introductory or general statement of the IS as incorporated hereinabove indubitably discloses that 'the IS was prepared in cooperation with various stakeholders to meet the requirements of marine fuel for consumption on board ships.' The IS of marine fuels mentions about the marine fuels to be supplied for consumption of ships. The further scope, as narrated hereinabove of the IS reveals that the document specifies 7 categories of distillate fuels, one of which is for diesel engines*

used for emergency purposes and it also specifies 6 categories of residual fuels.

(b) *Clause-5.2 of the IS reads as under: '5.2 The fuel shall be free from any material at a concentration that causes the fuel to be unacceptable for use in accordance with Clause 1 (i.e. material not at a concentration that is harmful to personnel, jeopardizes the safety of the ship or adversely affects the performance of the machinery).'*

Thus, the IS mandates that the fuel shall be free from any material and concentration that causes the fuel to be unacceptable for use in accordance with clause-1 and it should not be harmful to personnel, jeopardize the 'safety of the ship or adversely affects the performance of the machinery'.

(c) *Clause-6.4 of the IS reads as under: '6.4 Flash point: The flash point for all fuels, except for DMX, is set at 60°C minimum according to the International Convention for Safety of Life at Sea (SOLAS). Residual fuels have the potential to produce a flammable atmosphere in a tank headspace, even when stored at a temperature below the measured flash point, appropriate precautions are necessary therefore, to ensure the safety of the ship and personnel.' This clause, which refers about flash point of all fuels, except DMX, also refers to International Convention for Safety of Life at Sea and ensuring the safety of the ship and personnel.*

On a combined reading of IS 16731/ISO 8217 are prescribed for petroleum products – fuels (Class F) of marine fuels, emphatically establishes that Distillate Marine Fuel is used for Marine purposes only. By applying the doctrine of 'Ejusdem generis', the expression used in the scope i.e. Clause-1 'of the same or similar type' as those used for marine purposes has to be read in context with the diesel engines or similar type used in ships or for marine purpose only. Hence, we reject the contention of the petitioner, that the Distillate Marine Oil can be used for industrial purpose also."

7.2.2 On the Grade of Cloud Point, DMX and Flash Point (Para 27-29), the Hon'ble High Court held as under:

"Thus, this Court was conscious of the fact that Marine Distillate Oil having a prescribed parameter of cloud point is required to be used in ships operating in colder weather conditions, and the end use has to be ascertained."

"*As mentioned hereinabove, the Distillate Marine Oil under IS 16731:2019 comprises of 7 types of marine fuels. The IS 16731/8217 have seven grades of distillate fuels used in marine fuel i.e. DMX, DMA/DFA, DMZ/DFZ, DMB, and DFB having flash point of DMX. As per the Test Reports, the flash point of the tested sample of the petitioner is reported as 50.9°C by CRCL Delhi report dated 14.11.2025 and 48°C by MRPL report dated 26.12.2025. Pertinently, amongst the seven grades of Distillate Marine Fuel specified under IS 16731:2019/ISO 8217:2017, only the DMX grade prescribes a minimum flash point of 43°C. All other grades, namely DMA, DFA, DMZ, DFZ, DMB, and DFB, are expected to have a minimum flash point of 60°C as per the standard.*"

"*It is not disputed by the petitioner that as for the DGFT Import Policy, the Distillate Marine Oil under CTH 2710 1961 has to conform with the IS 16731/ISO 8217. If the case of the petitioner is accepted, that it conforms the IS declared under CTH 2710 1961, conforming with IS 16731/ISO 8217 is accepted and is classified under the DMX grade, the same has to be strictly used for marine purposes and marine vessels only.*"

7.2.3 On the Merchant Shipping Notice No. 3 of 2014 and End-Use Declaration (Para 24-25, 30):

"*The End Use Declaration for distillate marine fuel, CTH 2710 1961 has been prescribed by the Directorate General of Shipping, which is statutory maritime authority appointed by the Government of India under section 7(1) of the Merchant Shipping Act, 1958 (Now the Merchant Shipping Act, 2025)... Accordingly, Merchant Shipping Notice No.3 of 2014, dated 19.03.2014 has been issued by the Directorate General of Shipping prescribing detailed guidelines related to registration as bunker suppliers, guidelines apply to any person or organization, which supplies marine grade fuel, oil to any ship, drilling rigs or platforms in the Coast of India. Thus, the Merchant Shipping Notice No.3 of 2014 read with IS for Distillate Marine Fuel fortifies the Distillate Marine Oil can only be used for marine purpose only, and cannot be used for industrial purpose as claimed by the petitioner.*"

"*We may, at this stage, further clarify that this Court cannot delve into the expert opinion of the authorities and alter the conditions of end-use declaration. This court cannot alter, delete, or add anything in the end-use declaration, as it is beyond the competence and expertise in the field. The Court can only interfere, if it is established that the conditions or stipulation demanded by the authorities is illegal and absolute arbitrary. Thus, we are of the opinion that the* *petitioner has to comply with the regulatory framework, as declared by the Director General of Shipping and the statutory authorities under the Marine Shipping Act in order to get the provisional release of the oil."*

7.2.4 Disposal of the Writ Petition (Para 31):

"*The writ petition is accordingly DISMISSED with a clarification that in case the petitioner executes the end-use declaration as mentioned hereinabove, the respondent authorities shall release the confiscated product."*

Thus, the Hon'ble High Court of Gujarat dismissed the writ petition filed by the importer, which was identical to the matter of M/s Fairfield Industries LLP (R/SCA No. 1615 of 2026) decided by the same judgment challenging the seizure memo issued in respect of their consignment, and upheld the statutory framework governing the import of Distillate Marine Fuel. Consequent to the judgment dated 30.04.2026, the importer M/s Oilbiz Energy withdrew their Special Civil Application.

7.3. The Hon'ble Court further held that in case, the petitioner- M/s Fairfield Industries LLP executes the end-use declaration as mentioned hereinabove, the respondent authorities shall release the confiscated product.

7.3.1 As directed by the Hon'ble High Court, and as recorded by the Hon'ble Court at Para 20 of the Judgment (reproducing the End-Use Declaration at Annexure-1, which sets out DRI's Affidavit dated 12.03.2026), the following mandatory documents are required to be submitted along with the End-Use Declaration:

The said conditions, prescribed under the statutory framework of the Directorate General of Shipping governing consignments of Distillate Marine Fuel classifiable under CTH 2710 1961, and reproduced hereunder exactly as recorded in DRI's Affidavit dated 12.03.2026 filed in R/SCA No. 1615 of 2026, apply with equal force, mutatis mutandis, to the present consignment of M/s. Oilbiz Energy, in the event the goods are treated as Distillate Marine Oil/Distillate Marine Fuel:

- **Bunker/Product Supplier Registration Certificate** (Para 8(i) of DRI's Affidavit dated 12.03.2026) . The said para of the DRI's Affidavit dated 12.03.2026 is reproduced below:

"(i) The Importer-Petitioner firm M/s Fairfield Industries LLP must be a registered Product Supplier, with/without additional responsibilities and obligations of the 'Bunker Supplier', as mandated under DG Shipping's Merchant Shipping Notice No. 3 of 2014 dated March 19, 2014. The Importer-Petitioner shall forthwith submit valid Product Supplier registration certificate with/without Bunker Supplier Registration Certificate (BSRC) issued by the Directorate General of

Shipping, as a condition precedent to the provisional release of the consignment;"

- **Quality Management System (QMS) (ISO 9001:2008) Certificate** (Para 8(ii) of DRI's Affidavit dated 12.03.2026). The said para of the DRI's Affidavit dated 12.03.2026 is reproduced below:

"(ii) The Importer-Petitioner is obligated to possess Quality Management System (QMS) obtained from any of the certification bodies accredited by the National Accreditation Board for Certification Bodies (NABCB) and continually improve its effectiveness in line with ISO 9001: 2008. A copy of the ISO 9001 compliant QMS Certificate to ensure institutionalization of processes for full custody control and traceability of the product from source to the marine end-user shall be submitted by the Importer-Petitioner before the Customs Authority before seeking provisional release of the import consignment."

- **Bunker Delivery Notes (BDNs)** for past supplies of Marine Distillate Fuel (CTH 2710 1961) and post-supply BDNs for present consignment (Para 8(iii) of DRI's Affidavit dated 12.03.2026). The said para of the DRI's Affidavit dated 12.03.2026 is reproduced below:

"(iii) As discussed above, the supply of the imported Distillate Marine Fuel is meant to be for marine use/on-board vessels. Thus, the supply chain of the imported goods has to be eventually to lead to a registered Bunker Supplier. The Importer-Petitioner shall submit Bunker Delivery Notes (BDNs) in respect of all previous imports/supplies of the imported Distillate Marine Fuel and post-supply, BDNs in respect of the present consignment, indicating actual delivery to registered marine vessels or installations, as mandated under Regulation 18 of MARPOL Annex VI and Para 4.1 of Merchant Shipping Notice No. 3 of 2014. The said BDNs shall be submitted to the Customs Authorities within a reasonable time of each delivery and before next import of the Distillate Marine Fuel."

- **Copies of Contracts with the buyer/recipient** of the Distillate Marine Fuel (Para 8(iv) of DRI's Affidavit dated 12.03.2026). The said para of the DRI's Affidavit dated 12.03.2026 is reproduced below:

"(iv) Since the extant law mandates custody control and sanctity of Bunker supply through the supply chain, the legally mandated contractual arrangements/purchase/sale contracts of the importer-petitioner with the concerned registered Bunker Supplier(s), barges/trucks/transporter and the next trader in the chain clearly identifying the said registered entity as the buyer/recipient of the

said consignment. Specific contract evidencing mutual agreement with the buyer that even though the present Distillate Marine Oil is as per ISO 8217 but there's an exemption on account of variation in "cloud point" alongwith purchase order in this respect shall also be submitted by the Importer-Petitioner. Test Reports of the goods previously cleared at each point of sale to ensure quality and integrity of the bunker, is a mandatory condition precedent to the provisional release of the present consignment thereof;"

7.3.2 End-Use Declaration, Text and Conditions:

The End-Use Declaration for Distillate Marine Fuel, CTH 2710 1961, complying with the statutory framework of the Directorate General of Shipping (placed on record by the respondent authorities and upheld by the Hon'ble High Court), reads as under:

ANNEXURE – I (END USE DECLARATION)

[For import of products under Customs Tariff Heading (CTH) 2710 1961 for FUELS (Class F) or MARINE FUELS conforming to IS 16731]

(To be printed on Importer's letter head)

IE Code: _______________

GSTIN: ________________

I/We ____ (Importer/Proprietor/Partner/ Managing Director/Director/ Authorised Signatory) of M/s ____________________________ ____ _________ (Name and Address) do hereby declare that:

2. I/We have imported the consignment of ________________________________ (Description and CTH of product as mentioned on Bill of Entry), weighing _______________ (in Metric Tonnes/Kgs) from_______________ (Country of Origin), vide Bill of Entry No. dated at _______________ (port location/point of entry).

3. I/We declare that the grade of the aforementioned product is _______________ [DMX/DMA/DFA/DMZ/DFZ/DMB/DFB] intended **solely** for use/sale for Marine purposes as laid down by the Directorate General of Shipping in the extant guidelines for use of **IS 16731:2019/ISO 8217:2017** [Petroleum Products – Fuels (Class F) – Specifications of Marine Fuels] fuels.

4. I/We undertake to submit the declarations listed below to the concerned Customs Authorities, alongwith this End Use Declaration, prior to seeking provisional release of the goods imported vide Bill of Entry mentioned at Point 2 above.

5. I/We shall be responsible and liable for any contravention of the Customs Act, 1962, Rules & Regulations made there under and any other Acts/Rules/Regulations/Notices/Instructions etc. related to the use/sale of IS 16731/ISO 8217 products for Marine Use.

6. I/We affirm that all information given above is true and correct to the best of my/our knowledge and belief.

List of declarations (to be submitted alongwith End Use Declaration)

1. Bunker/Product Supplier Registration Certificate [Para 8(i) of DRI's Affidavit dated 12.03.2026]

2. Quality Management System (QMS) [ISO 9001: 2008] Certificate [Para 8(ii) of DRI's Affidavit dated 12.03.2026]

3. Bunker Delivery Notes [BDNs] for past supplies of Marine Distillate Fuel [CTH 2710 1961] and post-supply BDNs for present consignment [Para 8(iii) of DRI's Affidavit dated 12.03.2026]

4. Copies of Contracts with the buyer/recipient of the Distillate Marine Fuel [Para 8(iv) of DRI's Affidavit dated 12.03.2026]

Place:

Signature of importer with seal

Date:

Name:

Address:

Contact No./Email ID:

7.4 Whereas, in the instant case, the investigation has conclusively established that M/s. Oilbiz Energy has imported Automotive Diesel Fuel (ADF) conforming to IS 1460:2025, a restricted commodity importable only by State Trading Enterprises under Policy Condition No. 5 of Chapter 27 of ITC(HS), 2022, mis-declared as Distillate Marine Oil under CTH 27101961. The MRPL test report (Report No. MRPL/DRI/2026/17 dated 10.04.2026) establishes that the imported goods substantially conform to ADF parameters, with the sample not conforming to total sulphur (0.192% against maximum 10 mg/kg for IS 1460:2025) and lubricity (510 µm against maximum 460 µm for ADF).

7.4.1 Whereas, it is further observed that the importer himself, in his statement, has admitted that the order for the imported goods was placed for Distillate Marine Oil for industrial as well as bunker use, without any written specification other than flash point and sulphur, and that all negotiations with the overseas supplier were conducted telephonically. In his voluntary statement recorded under Section 108 of the Customs Act, 1962, the importer has, inter alia, admitted:

- That no written contracts, purchase orders, or supply agreements existed with any domestic buyer, and that all discussions with buyers, if any, were conducted telephonically;
- That the firm did not possess a Bunker/Product Supplier Registration Certificate, nor a Quality Management System (QMS) Certificate under ISO 9001:2008;

- That no Bunker Delivery Notes or contracts with any buyer were available in respect of the present or any past consignment of Distillate Marine Oil.

Thus, the statement of the importer, read together with the test results of CRCL, Vadodara and MRPL, establishes that the deviations in sulphur and lubricity are the result of deliberate manipulation, and that the goods were never intended or arranged for supply for marine use. Since such manipulation is confined to quality/emission parameters alone, it does not affect the identity or usability of the imported goods as Automotive Diesel Fuel (ADF) conforming to IS 1460:2025.

7.4.2 The deviations of parameters are technically explained as follows:

- **Sulphur:** Sulphur is an emission/quality parameter, and not an identity or characteristic parameter of diesel. An increased sulphur level indicates either a lack of hydro-desulphurisation or deliberate blending. Desulphurisation is normally carried out to reduce sulphur content and render diesel compliant with IS/emission standards, which appears to have been deliberately avoided; alternatively, sulphur appears to have been added so as to make the imported petrochemical fall out of the prescribed range of sulphur content under IS 1460 for Automotive Diesel Fuel (ADF).
- **Lubricity:** Lubricity naturally drops when sulphur is reduced, since the desulphurisation process undertaken to render diesel compliant with emission/IS standards also reduces its lubricity. However, on account of adulteration of the sample with sulphur, lubricity, in cases where the sulphur content is very high, is also found falling outside the prescribed range of IS 1460 for Automotive Diesel Fuel (ADF).

Whereas, the sulphur parameter is a critical quality and environmental compliance marker for diesel fuel, it may be noted that in Automotive Diesel, sulphur parameters are quality parameters only, and their focus is on reducing emissions, as required by the latest emission standards (BS-VI/Euro V-VI) requiring Ultra-Low Sulphur Diesel (ULSD) at less than 10 ppm, introduced through e-Gazette Notification dated 16.09.2016 (Central Motor Vehicles (11th Amendment) Rules, 2016), issued by the Ministry of Road Transport and Highways. This limit is designed to significantly reduce Sulphur Dioxide (SO2) and particulate emissions from vehicles, thereby safeguarding public health and meeting India's environmental commitments. The reduction of sulphur to these levels ordinarily requires a process known as Desulfurization (generally through hydro-desulfurization). As stated above, the process of HDS, while reducing sulphur content, also simultaneously reduces the lubricity of diesel fuel.

7.4.3 Whereas, it appears that a deliberate attempt on the part of the noticee has been done to alter certain physical/chemical parameters of the product, i.e. ordering product containing high sulphur content, so as to create an apparent deviation from the parameters/specifications prescribed under the applicable IS Standards, with the intent that the product falls outside the scope of the said IS Standards.

7.5 In view of the foregoing discussion, it is concluded that M/s. Oilbiz Energy has mis-declared the imported goods as "Distillate Marine Oil" under CTH 27101961, whereas the test reports of MRPL, read together with the importer's own admissions in his voluntary statement recorded under Section 108 of the Customs Act, 1962, conclusively establish that the goods are, Automotive Diesel Fuel (ADF) conforming to IS 1460:2025, a restricted commodity importable only by State Trading Enterprises under Policy Condition No. 5 of Chapter 27 of ITC(HS), 2022. The deviations in the sulphur and lubricity do not detract from this essential character or the product's identification as ADF.

8. Extension under Section 110(2) of the Customs Act, 1962 (RUD No. -8):

8.1 Since the investigation could not be completed within the mandated six-month period, the competent authority granted a further extension of two months under Section 110(2) of the Customs Act, 1962, which was conveyed to the importer vide this office letter dated 10.07.2026 .

9.Relevant Legal provisions:

9.1 The relevant portion of ITC(HS), 2022 Schedule 1 Import Policy Section V, MINERAL PRODUCTS Chapter 27 Mineral Fuels, Mineral Oils And Products Of Their Distillation; Bituminous Substances; Mineral Waxes is reproduced as under:

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

9.2 Further, Para 2.21 of the Foreign Trade Policy, 2023 reads as under:

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

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

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

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

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

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

(B) RELEVANT PROVISIONS OF CUSTOMS ACT, 1962:

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

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

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

Section 2(26): *"importer", in relation to any goods at any time between their importation and the time when they are cleared for home consumption, includes [any owner, beneficial owner] or any person holding himself out to be the importer;*
Section 2(39): *"smuggling", in relation to any goods, means any act or omission which will render such goods liable to confiscation under section 111 or section 113.*
Section 11A: *"illegal import" means the import of any goods in contravention of the provisions of this Act or any other law for the time being in force.*

9.5 Section 17 Assessment of duty:
(1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods.
..
(4) Where it is found on verification, examination or testing of the goods or otherwise that the self-assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods.

9.6 Section 46 Entry of goods on importation:
(4) *The importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, relating to the imported goods.*

(4A) *the importer who presents a bill of entry shall ensure the following, namely:*
(a) The accuracy and completeness of the information given therein;
(b) The authenticity and validity of any document supporting it; and
(c) Compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.

9.7 Section 111. Confiscation of improperly imported goods, etc.:
The following goods brought from a place outside India shall be liable to confiscation:-
*--**(d)** any goods which are imported or attempted to be imported or are brought within the Indian customs waters for the purpose of being imported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force;*

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

Section 112 Penalty for improper importation of goods, etc.:
Any person,-
a. *who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 111, or abets the doing or omission of such an act, or*

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

shall be liable*,-*

i. *in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty 5 [not exceeding the value of the goods or five thousand rupees], whichever is the greater;*

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

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

"*Rule 4. Transaction value of identical goods.* - *(1) (a) Subject to the provisions of rule 3, the value of imported goods shall be the transaction value of identical goods sold for export to India and imported at or about the same time as the goods being valued;*

……..

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

"Rule 5. Transaction value of similar goods . - *(1) Subject to the provisions of rule 3, the value of imported goods shall be the transaction value of similar goods sold for export to India and imported at or about the same time as the goods being valued:*

Provided that ……..

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(vi) minimum customs values; or

(vii) arbitrary or fictitious values.

> ***Rule 12. Rejection of declared value** . - (1) When the proper officer has reason to doubt the truth or accuracy of the value declared in relation to any imported goods, he may ask the importer of such goods to furnish further information including documents or other evidence and if, after receiving such further information, or in the absence of a response of such importer, the proper officer still has reasonable doubt about the truth or accuracy of the value so declared, it shall be deemed that the transaction value of such imported goods cannot be determined under the provisions of sub-rule (1) of rule 3.*

10. <u>Valuation:</u>

10.1. From the foregoing paras, it is evident that M/s. Oilbiz Energy was involved in mis-declaration of goods in terms of description and classification and the declared value in the corresponding Bill of Entry appears to be not acceptable as true transaction value and merits rejection in terms of Section 14 of Customs Act, 1962 read with Rule 12 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. The value is required to be re-determined by sequentially proceeding in terms of Rules 4 to 9 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. Since exact comparative data in respect of the import goods covered under the subject consignments are not available in absence of clear descriptions and mis-declaration on the part of the importer, the value of the subject import consignments cannot be determined as per the provisions of Rule 4 to Rule 8 to the Customs Valuation (Determination of value of Imported goods) Rules, 2007. Since the goods cannot be fully compared with similar/identical imports as the same are restricted goods, their value appears to be determinable under Rule 9 (Residual method) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 read with sub-section (1) of Section 14 of Customs Act, 1962 and on the basis of objective and quantifiable data available in India. For valuation of the seized goods-ADF, the prevailing market rates of the goods in the 1st week of January-2026 were taken, such as invoices generated by Nayara Energy Limited, ADF-Rs 47,266.49/KL **(RUD-09)**. Accordingly, in terms of Rule 9 of the Customs Valuation Rules, 2007, the same value can be adopted for the offending goods in this case.

10.2 Further, import of "Automotive Diesel Fuel *(ADF) as per IS 1460:2025*", is restricted into India, and the same can only be imported subject to Policy Condition No. 5 of Chapter 27 of Customs Tariff, which stipulates that only '*import is allowed through IOC subject to para 2.21 of Foreign Trade Policy, except for the companies who have been granted rights for marketing of transportation fuels in terms of Ministry of P&NGs Resolution No. P23015/1/2001-MKT. Dated 8.3.2002*' to import the same. It therefore appears that said importer mis-declared restricted goods i.e. "Automotive Diesel Fuel *(ADF) as per IS 1460:2025*" as "Distillate Marine Oil" in the consignment.

10.3 As discussed above, the consignment covered under Bill of Entry 6706696, 6706698, 6706699 and 6706723 all dated 05.01.2026 were found as "*Automotive Diesel Fuel (ADF) as per IS 1460:2025*" in the test results of MRPL. Since the goods were mis-declared in the said Bills of Entry, the combined declared assessable value of Rs **7,30,68,057/-** cannot be accepted as the true "transaction value" under Section 14 of the Customs Act, 1962, and is liable to rejection under Rule 12 of the CVR, 2007.

10.4 Accordingly, for valuation purpose, to arrive at a fair and reasonable value within the framework of law and procedures under the Valuation Rules, the price of same kind of goods in the 1st week of January-2026 were taken, such as invoice generated by Nayara Energy Limited was referred. The base price was noted as Rs 47,266.49/KL. Based on this, the re-determined value of the consignment of "*Automotive Diesel Fuel (ADF) as per IS 1460:2025*", having a total quantity of 1750 MTs equivalent to 2120.44 KL {Using density of 0.8253} for BE 6706696, 6706698, 6706699 and 6706723 all dtd 05.01.2026 as reported by MRPL, is Rs. 10,02,25,756/-, in terms of provisions of Rule 9 of the CVR, 2007.
Thus, the value of the goods, as per the test reports of the MRPL, is determined accordingly, are as below:

Table-V

Sl. No.	Bill of Entry No.	Sample Test Result	Declared Description	Quantity (in MTS)	Declared value as per BoE	Approx. Market Value (in Rs.)
01.	6706696, 6706698, 6706699 and 6706723 all dtd 05.01.2026	Automotive Diesel Fuel (ADF)	Distillate Marine Oil	1750	7,30,68,057/-	10,02,25,756/-

Therefore, the said goods having declared value of Rs 7,30,68,057/- and re-determined value of Rs 10,02,25,756/-as per Table-V above, appear to be liable for confiscation under Section 111(d) and 111 (m) of the Customs Act, 1962.

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

11.1 Specific intelligence gathered by the Directorate of Revenue Intelligence indicated that M/s. Oilbiz Energy was indulged in import of restricted goods through mis-declaration. The importer had declared the consignment as Distillate Marine Oil, whereas sampling carried out by the DRI revealed otherwise. The representative samples drawn in respect of Bill of Entry No. 6706696, 6706698, 6706699 and 6706723 all dated 05.01.2026 were forwarded to MRPL and the MRPL confirmed that the goods **are Automotive Diesel Fuel (ADF) under IS 1460:2025.**

11.1.2 The initial test results from CRCL Vadodara covered only 11 parameters, wherein the sample failed on the prescribed parameter of cloud point. In order to ensure comprehensive testing across all 21 parameters mandated by the Hon'ble Supreme Court in *Gastrade International v. Commissioner of Customs, Kandla*, additional samples were forwarded to Mangalore Refinery and Petrochemicals Limited (MRPL). The MRPL analysis conclusively established that the imported goods were Automotive Diesel Fuel conforming to IS 1460, and not Distillate Marine Oil as declared.

11.2 As per Schedule 1 Import Policy under ITC(HS), 2022 for Chapter-27 (Mineral Fuels, Mineral Oils, etc.), import of "*Automotive Diesel Fuel (ADF) as per IS 1460*" covered under CTH 27101944, is restricted into India, and the same can only be imported subject to Policy Condition No. 5 of Chapter 27. Accordingly, there being a reasonable belief that that the said goods are liable for confiscation under the provisions of Section 111 of the Customs Act, the same were placed under seizure under Section 110 of the Customs Act, 1962.

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

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

Table-VI: Combined Parameter-wise Summary of Test Report (MRPL) vs. IS 1460:2025

Sr. No.	**Parameter**	**IS 1460:2025 Limit**	**B.E. No. 6706696, 6706698, 6706699 and 6706723 (Result / Match) with IS 1460:2025**	**Remarks**
1	Sulphur Content (Total, mg/kg)	Max. 10 mg/kg	~1920 mg/kg (0.192%) / NOT MATCHING	Addition of Sulphur/not undergone Desulfurization
2	Lubricity (WSD @60°C, µm)	Max. 460	510 µm / NOT MATCHING	High Lubricity due to high Sulphur content
3	All other parameters	As per IS 1460:2025	All 19 parameters / MATCHING	Within range
TOTAL	**21 Parameters tested**	—	**19/21 Matching; 2 NOT MATCHING (Sulphur, Lubricity)**	**19/21 parameters found meeting IS 1460:2025; Sulphur and Lubricity outside limits.**

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

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

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

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

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

12.Role and Culpability:

12.1 Role played by M/s Oilbiz Energy (IEC: CQXPM6822P), having its registered office/principal place located at GF/2, Plot No. 328-329-330/A, Moti Talav Road, Kumbharwada, Bhavnagar-364006

From the facts narrated in foregoing paras and evidences gathered during investigation, it appears that M/s. Oilbiz Energy imported the consignment covered under Bill of Entry No. 6706696, 6706698, 6706699 and 6706723 all dated 05.01.2026 filed at Port Kandla, by mis-declaring the imported goods as *Distillate Marine Oil* classified under CTH 27101961. The investigation conducted by DRI revealed that the actual goods are *Automotive Diesel Fuel (ADF) as per IS 1460:2025*, which is a 'Restricted' commodity permitted for import into India only under Policy Condition No. 5 of Chapter 27 of Customs Tariff.

Whereas, the investigation by DRI has conclusively established that M/s. Oilbiz Energy imported Automotive Diesel Fuel (ADF) conforming to IS 1460:2025, a restricted commodity importable only through State Trading Enterprises under Policy Condition No. 5 of Chapter 27 of ITC(HS), 2022 by mis-declaring the same as *Distillate Marine Oil* under CTH 27101961, the MRPL Test Report (No. MRPL/DRI/2026/17 dated 10.04.2026) establishes that the imported goods substantially conform to ADF parameters.

Therefore, it appears that M/s. Oilbiz Energy, by filing incorrect declarations and failing to ensure proper classification of goods, knowingly violated the provisions of Section 17(1), Section 46(4) and 46(4A) of the Customs Act, 1962, by deliberately mis-declaring and mis-classifying the imported goods with the intent to import restricted goods under the garb and guise of freely importable goods, thereby contravening the import restrictions prescribed under the Foreign Trade Policy and rendering the goods liable to confiscation under Section 111(d) and 111(m) of the Customs Act, 1962. Therefore, M/s. Oilbiz Energy has made itself liable for penalty under Section 112(a) ,112(b) and 114AA of the Customs Act, 1962.

13. Now therefore, in the light of the aforesaid facts, M/s. Oilbiz Energy (IEC: CQXPM6822P) located at 'GF/2, Plot No. 328-329-330/A, Moti Talav Road, Kumbharwada, Bhavnagar-364006' are hereby called upon to show cause to the Additional Commissioner of Customs, Customs House, Kandla, within 30 days from the receipt of this Show Cause Notice as to why:

i. The classification of goods covered under Bill of Entry No. 6706696, 6706698, 6706699 and 6706723 (*X Bond B/E- 6853528*) all dated 05.01.2026 filed at Kandla Port, declared as '*Distillate Marine Oil*', under CTH 27101961, should not be rejected and the same should not be re-classified as '*Automotive Diesel Fuel (ADF) as per IS 1460:2025*' under CTH 27101944;

ii. The declared value of the said goods declared as '*Distillate Marine Oil*' as Rs 7,30,68,057/- should not be rejected in terms of Rule 12 of the CVR, 2007 and the same should not be re-determined as Rs. 10,02,25,756/-, as discussed in foregoing para;

iii. The goods declared as '*Distillate Marine Oil*', under Bill of Entry No. 6706696, 6706698, 6706699 and 6706723 all dated 05.01.2026, having the re-determined value of Rs. 10,02,25,756/-, should not be held liable for confiscation under Section 111(d) and 111(m) of the Customs Act, 1962;

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

14. The noticee is hereby required to produce at the time of showing cause all the evidences upon which they intend to rely in support of their defense. They are further required to indicate in their written explanation as to whether they desire to be heard in person before the case is adjudicated. If no mention is made about this in their written explanation, it will be presumed that they do not desire a personal hearing.

15. If no cause is shown by them against the action proposed to be taken within 30 days of receipt of this notice or if they do not appear before the adjudicating authority when the case is posted for hearing, the case would be liable to be adjudicated on the basis of evidences on records.

16. This Show Cause Notice is issued only in respect of issues discussed in the notice and the goods mentioned against the Bill of Entry(s) 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.

17. This Show Cause Notice is issued without prejudice to any other actions that may be taken against the persons involved in the subject case, under the provisions of the Customs Act, 1962 or any other Allied Acts for the time being in force.

18. The documents as listed at Annexure-R are relied upon and are enclosed with this show cause notice.

श्वेता
01/09/26
(Shweta Pachaury)
Additional Commissioner,
Custom House, Kandla

By Speed Post/E-mail

To:

M/s. Oilbiz Energy (IEC: CQXPM6822P), GF/2, Plot No. 328-329-330/A, Moti Talav Road, Kumbharwada, Bhavnagar-364006 (e-mail: oilbizenergy5114@gmail.com)

Copy to:

1. The Additional Director General, DRI, Ahmedabad.
2. The Deputy/Assistant Commissioner, Appraising Group-I, Custom House, Kandla.
3. The Deputy/Assistant Commissioner, Bond Section, Custom House, Kandla.

3. The Superintendent (EDI Section), Custom House, Kandla for uploading the same on official website.
4. Guard File.

Annexure-R

Sr. No.	Description	Pages
RUD No 1	Bill of Entry No. 6706696, 6706698, 6706699 and 6706723 all dated 05.01.2026	24
RUD No 2	Panchnama dated 24.01.2026	3
RUD No 3	Test report dated 09.01.2026	2
RUD No 4	MRPL issued its test report vide Report No. MRPL/DRI/2026/17 dated 10.04.2026	3
RUD No 5	Seizure memo dated 22.04.2026	2
RUD No 6	Statement dated 25.05.2026 of Shri Salman Musani, proprietor of M/s OILBIZ ENERGY	6
RUD No 7	Hon'ble High Court of Gujarat Order and Judgement dated 30.04.2026 in R/Special Civil Application No. 1615 of 2026 and allied matters	22
RUD No 8	Extension under Section 110(2) of the Customs Act, 1962	2
RUD No 9	Invoice generated by Nayara Energy Limited	1