	कार्यालय: प्रधान आयुक्त सीमाशुल्क, मुन्द्रा, सीमाशुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात- 370421 **OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS:** **CUSTOM HOUSE, MUNDRA PORT, KUTCH, GUJARAT-370421.** **PHONE : 02838-271426/271163 FAX :02838-271425** **E-mail id- adj-mundra@gov.in**	

A. File No.	**:**	**GEN/ADJ/ADC/932/2026-Adjn-O/o Pr. Commr-Cus-Mundra**
B. SCN No.	**:**	**87/2026-27/ADC/ZDC/MCH**
C. Date of Issue		**08.06.2026**
D. Passed by	**:**	**Dipak Zala, Additional Commissioner of Customs, Customs House, AP&SEZ, Mundra.**
E. Noticess(s)/Importer	**:**	**M/s. Diya Enterprises (ARUPS3122N)**

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

Whereas it appears that:

1.1 M/s. Diya Enterprises (ARUPS3122N) having its registered office/principal place located at New Survey No 588,Paiki Old Survey No 880, Manjusar Main Road Vadodara – 391775 (hereinafter referred to as *the "Importer"*), imported goods vide Bill of Entry No. 4917740 dated 04.10.2025 and **(RUD-01)** at Customs House Mundra.

1.2 Specific intelligence gathered by the Directorate of Revenue Intelligence (DRI) indicated that the aforesaid consignment imported by M/s. Diya Enterprises under Bill of Entry No. 4917740 dated 04.10.2025 lying at

Mundra Port and declared as **“Industrial Oil”** under **CTH 27101990**, was mis-declared with respect to their description and nature, with the deliberate intent to clear prohibited/restricted goods.

The details of the import consignment are as follows:

Table-I

	Details of consignment declared inBill of Entry
Bill of Entry No.	4917740 dated 04.10.2025
Bill of Lading No.	SHAE250152MD
Declared Goods in BE	Industrial Oil
Declared Quantity	188930 (in KGS)
Customs Broker	M/s. Gaurav M Jhaverri
Country of Origin	UAE
Supplier	M/s. Abyssal Petrochem DMCC, Unit No: 30-01-5976, Jewellery & Gemplex 3, Dubai, UAE.

1.3 Based on the aforesaid intelligence, the consignment imported by M/s. Diya Enterprises under Bill of Entry No. 4917740 dated 04.10.2025 lying at Mundra Port and declared as “Industrial Oil” under CTH 27101990 was put on hold by the DRI vide email dated 08.10.2025.

2. Examination and drawl of Samples:

The examination of aforesaid consignment was conducted by the DRI under Panchnama dated 16.10.2025 **(RUD-2)** drawn at the CFS of M/s Allcargo Terminal Limited, Bharat CFS Zone-1, AP & SEZ Ltd., Mundra, Kutch–370421, in the presence of the authorized representative of the Customs Broker appointed by the importer. During the said examination proceedings, representative samples, in duplicate, were drawn from each of the

10 containers (ISO Tanks), for laboratory testing to ascertain the exact nature of the imported goods in the said consignment.

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

3.1 The 10 samples drawn from the 10 Containers (ISO Tanks) covered under Bill of Entry No. 4917740 dated 04.10.2025 were sent to Custom House Laboratory, Visakhapatnam for testing vide Test Memos No. 738/2025 to 747/2025 dated 16.12.2025 respectively.

3.2 The laboratory subsequently submitted their test reports with respect to subject 10 samples, having reference Lab No. from 608-DRI to 617-DRI all reports dated 16.12.2025 in respect of Bill of Entry No. 4917740 dated 04.10.2025.

3.3 The test reports in respect of all 10 samples **(RUD-3)** pertaining to Bill of Entry No. 4917740 dated 04.10.2025, based on the parameters tested by the Custom House Laboratory, Vishakhapatnam indicated that all the samples conform to the stringent parameters of Kerosene Oil. Since all the samples yielded similar findings, the report in respect of Lab No. 608-DRI is reproduced hereunder for illustration:

- ***The samples also meet the requirement of Kerosene oil/Kerosene Intermediate...***
- ***There is no specification available for Industrial Oil in National & International Standards.***

3.4 For the parameters not covered in the Custom Laboratory's Vishakhapatnam testing, additional sample was forwarded to the CRCL Laboratory New Delhi vide Test Memos No. 933/2025 to 942/2025 dated

12.02.2026 respectively in respect of Bill of Entry No. 4917740 dated 04.10.2025, to ensure comprehensive testing of all specifications under IS 1459/IS 17793, as mandated by the Hon'ble Supreme Court in ***Gastrade International vs. Commissioner of Customs, Kandla.***

3.5 Thereafter, the CRCL Laboratory New Delhi has submitted test reports dated 20.03.2026 **(RUD-4).** As per CRCL New Delhi test reports, ***The sample meets the requirements of Kerosene as per IS 1459:2018.***

The findings of the both (CRCL Vishakhapatnam & CRCL New Delhi) aforementioned Test Reports are reproduced below:

Table-II

Sl. No.	**Bill of Entry No. & Dated**	**Quantity**	**Declared Description**	**Sample Test Result**	**IS Standards**
01.	4917740 dated 04.10.2025	188930 Kgs.	Industrial Oil	Conform to the parameters of 'Kerosene'	IS 1459:2018

4. Whereas, CRCL New Delhi Test Reports clearly mention that the **samples meet the requirements of Kerosene as per IS 1459:2018.** Therefore, the Test Reports highlighted in **Table-II** above establish that the goods imported meet the requirements of Kerosene conforming to standard IS 1459:2018.

4.1 Further, the specifications of the Kerosene as per IS 1459:2018 of the Bureau of Indian Standards (BIS) are reproduced below:

IS 1459 : 2018

Table 1 Specification for Kerosene

(*Clause* 4.2)

Sl. No.	Charecteristic	Requirement		Test Method Refer to [P:] of IS 1448/ISO/ASTM/IP/ Annex IS 1459
		Grade A	Grade B	
(1)	(2)	(3)	(4)	(5)
i)	Appearance	Clear and bright. Free from un-dissolved water, foreign matter and other visible impurities	Clear and bright. Free from un-dissolved water, foreign matter and other visible impurities	Visual
ii)	Acidity, inorganic	Nil	Nil	ISO 6618/ASTM D974[1]/ IP 139
iii)	Burning quality[2]			[P : 5][1]/IP 10
	a) Char Value, mg/kg of oil consumed, *Max*	20	20	
	b) Bloom on glass Chimney	Not darker than grey	Not darker than grey	
iv)	Colour			
	a) Saybolt (in case of undyed Kerosene)[3], *Min*	10	10	[P : 14][1]/ASTM D 156
	b) Visual (in case of dyed Kerosene)	Blue	Blue	Visual/Annex A[1]
v)	Copper strip corrosion for 3 h at 50°C	Not worse than No. 1	Not worse than No. 1	[P : 15][1]/ ASTM D 130 / IP 154
vi)	Density at 15°C, kg/m3	Not limited, but to be reported	Not limited, but to be reported	[P : 16][1]/ISO 12185/ ASTM D 1298/ ASTM D 4052
vii)	Distillation			[P : 18][1]/ISO 3405/ASTM D 86
	a) Percent recovered below 200°C, percent (v/v), *Min*	20	20	
	b) Final boiling point, °C, *Max*	300	300	
viii)	Flash point (Abel), °C, *Min*	35	35	[P : 20][1]/ISO 13736/ IP 170
ix)	Smoke Point[4], mm, *Min*	18	18	P : 31/ISO 3014[1]/ ASTM D1322/ IP 598
x)	Total Sulphur Content, percent, m/m, *Max*	0.10	0.20	[P : 34]/ISO 8754[1] /ASTM D4294/ D 2622/ D 5453

4.2 And whereas, on analysis of the parameters detailed in the Test Reports vis-a-vis the parameters stipulated in IS 1459:2018, it is clear, in accordance with the intelligence of DRI, that goods imported under aforesaid Bill of Entry

No. 4917740 dated 04.10.2025have been mis-declared and following conclusions emerge from the said analysis:

Table-III

Sr. No	**Bill of Entry No.**	**Quantity**	**Product description as per analysis of Test Reports (CRCL+MRPL)**
1	4917740 dated 04.10.2025	188930 Kgs.	Kerosene conforming to Standards IS 1459:2018

4.3 As per Customs Tariff Act, it appears that the goods found as Kerosene conforming to standard IS 1459:2018 are classifiable under CTH 27101932.The relevant descriptions of the above mentioned CTHs as per the Customs Tariff Act are as below:

2710 19	-- Other:									
2710 19 20	--- Solvent 125/240 (petroleum hydrocarbon solvent) as specified under standard IS 1745	kg.	5.00	5.00	---	18.00	0.50	24.490	State Trading Enterprises	*Import as per Policy Condition (5) of Chapter 27*
	--- Kerosene intermediate and oils obtained from kerosene intermediate:									
2710 19 31	---- Kerosene intermediate	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 32	---- Kerosene conforming to standard IS 1459	kg.	5.00	5.00	---	18.00	0.50	24.490	State Trading Enterprises	*Import as per Policy Condition (5) of Chapter 27*

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 "Kerosene intermediate and oils obtained from kerosene intermediate: Kerosene conforming to standard IS 1459:2018", 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 are as below:

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

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

5.1 As per the test results as discussed in above paras, it is evident that the importer had imported restricted petroleum products, by mis-declaring the same as “Industrial Oil”. The Custom Laboratory reports confirmed that the goods imported vide Bill of Entry No. 4917740 dated 04.10.2025 were in fact ‘Kerosene’, which is restricted for import into India, and permissible only subject to Condition No. 5 of Chapter 27 of ITC (HS), 2022, Schedule 1 Import Policy issued by DGFT. Therefore, having a reasonable belief that the goods mentioned in **Table No-II** above, were liable to be confiscated under the provisions of the Section 111 of the Customs act, 1962, the same were placed under seizure as per the provisions of Section 110(1) of the Customs Act, 1962 vide seizure memo dated 28.01.2026 **(RUD No-5).**

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

6.1 Statement of Shri Manish Singh (Proprietor, M/s Diya Enterprises) recorded under Section 108 of the Customs Act, 1962 on 05.05.2026(RUD No-6), wherein he interalia stated that:

- M/s Diya Enterprises is a proprietorship firm established in November 2017, having obtained IEC in 2019 and commenced import operations in 2026. The consignment imported under Bill of Entry No. 4917740 dated 04.10.2025 was the first import of the firm. He stated that the firm is engaged in manufacturing petroleum solvents, industrial fuels, and specialty oils, and the imported goods were intended for use in manufacturing paint thinners. He confirmed that he is solely responsible for all operations of the firm, including procurement, negotiations, payments, import documentation, and production activities. He stated that order with overseas supplier was placed by him through telephonic communication.

- He stated that payments to overseas supplier were handled by him, with approximately 20% advance payment and the balance paid after receipt of the Bill of Lading. He also stated that classification of the imported goods as "Industrial Oil" under CTH 27101990 was done based on Customs Tariff and guidance of the Customs Broker.
- Regarding specifications of imported goods, he stated that the order was placed for Industrial Oil with flash point below 35°C, Initial Boiling Point

(IBP) below 100°C, and Final Boiling Point (FBP) around 340°C and above, based on the requirement for manufacturing paint solvents. He stated that these specifications were determined based on internal manufacturing requirements, and parameters such as flash point, IBP, and FBP were checked to ensure suitability for intended use.

- When confronted with CRCL test reports (Visakhapatnam and New Delhi) pertaining to the imported goods, which concluded that the product conforms to Kerosene Oil as per IS 1459:2018 (a restricted item importable only through State Trading Enterprises), he acknowledged having perused and agreed with the findings of the reports. However, he denied having ordered kerosene oil and stated that no such instructions were given to the overseas supplier. He claimed that the supplier had exported the wrong product.

- He confirmed that sampling of the goods was conducted in the presence of his authorized representative. He denied any intention to import restricted goods and emphasized that this was the first import consignment of the firm, undertaken based on supplier-provided test reports.

- In conclusion, he reiterated that the order placed was for Industrial Oil meeting specified parameters for manufacturing purposes, but the goods were found to be Kerosene Oil as per test reports. He attributed the discrepancy entirely to the supplier and denied any deliberate mis-declaration or wrongdoing on his part. He also requested permission for re-export of the consignment in line with orders passed by the Hon'ble High Court of Gujarat in similar matters.

7. Extension under Section 110(2) of the Customs Act, 1962:

Since the investigation could not be completed within the mandated six-month period, the competent authority granted a further extension of four months under Section 110(2) of the Customs Act, 1962, which was conveyed to the importer vide this office letter dated 06.04.2026 **(RUD No.-7).**

8. Relevant Legal provisions:

8.1 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:

27101931	---	Kerosene intermediate and oils obtained from kerosene intermediate: ---- Kerosene intermediate	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.		
27101932	---	Kerosene intermediate and oils obtained from kerosene intermediate: ---- Kerosene conforming to standard IS 1459	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.		
27101933	---	Blended Aviation turbine fuel	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.	40/2024-25	26/11/2024

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

(A) "***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."

8.3 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:

8.4 **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.*

8.5 **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.

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(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.

8.6 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.

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

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

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(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;*

………

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……………………

(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;*

8.8 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 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:

8.9 Section 114AA: Penalty for use of false and incorrect material:

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

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

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

……..

…………….

………………………

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

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

Provided that ……..

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

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

(1) Subject to the provisions of rule 3, if the goods being valued or identical or similar imported goods are sold in India, in the condition as imported at or about the time at which the declaration for determination of value is presented, the value of imported goods shall be based on the unit price at which the imported goods or identical or similar imported goods are sold in the greatest aggregate quantity to persons who are not related to the sellers in India, subject to the following deductions : -
(i) either the commission usually paid or agreed to be paid or the additions usually made for profits and general expenses in connection with sales in India of imported goods of the same class or kind;

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

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

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

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

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

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

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

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

(b) an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being

valued which are made by producers in the country of exportation for export to India;

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

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

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

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

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

(i) the selling price in India of the goods produced in India;
(ii) a system which provides for the acceptance for customs purposes of the highest of the two alternative values;
(iii) the price of the goods on the domestic market of the country of exportation; (iv) the cost of production other than computed values which have been determined for identical or similar goods in accordance with the provisions of rule 8;
(v) the price of the goods for the export to a country other than India;
(vi) minimum customs values; or
(vii) arbitrary or fictitious values.

Rule 12: Rejection of declared value-

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

9. Valuation of the imported goods:

9.1 From the foregoing paras, it is evident that M/s. Diya Enterprises was involved in mis-declaration of goods in terms of description and classification and the declared value in the corresponding Bill of Entry appears to be not acceptable as true transaction value and merits rejection in terms of Section 14 of Customs Act, 1962 read with Rule 12 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. The value is required to be re-determined by sequentially proceeding in terms of Rules 4 to 9 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. Since exact comparative data in respect of the import goods covered under the subject consignment are not available in absence of clear descriptions and mis-declaration on the part of the importer, the value of the subject import consignments cannot be determined as per the provisions of Rule 4 to Rule 8 to the Customs Valuation (Determination of value of Imported goods) Rules, 2007. Since the goods cannot be fully compared with similar/identical imports as the same are restricted goods, their value appears to be determinable under Rule 9 (Residual method) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 read with sub-section (1) of Section 14 of Customs Act, 1962 and on the basis of objective and quantifiable data available in India. Therefore, for valuation of the seized goods – **'Kerosene'**, price of non-PDS Kerosene as on 01.10.2025 from the website of IOCL, as **Rs. 90,211/KL**, has been referred **(RUD No.-8)**. 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.

9.2 Further, import of ***"Kerosene as per IS 1459:2018"***, 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. ***"Kerosene as per IS 1459:2018"*** as "Industrial Oil" in the consignment imported under Bill of Entry No. 4917740 dated 04.10.2025.

9.3 As discussed above, the consignment covered under Bill of Entry No. 4917740 dated 04.10.2025 was reported as ***"Kerosene as per IS 1459:2018"*** by the Custom Laboratory, Vishakhapatnam and New Delhi.The outcome of the test reports indicate that the invoice value declared by the importer does not reflect the actual value of the goods. Since the goods were mis-declared in the subject Bill of Entry, the declared assessable value of **Rs 1,25,43,425.17/-** in Bill of Entry cannot be accepted as the true "transaction value" under Section 14 of the Customs Act, 1962, and is liable to rejection under Rule 12 of the CVR, 2007.

9.4 Accordingly, for valuation purpose, to arrive at a fair and reasonable value within the framework of law and procedures under the Valuation Rules, price of non-PDS Kerosene as on 01.10.2025 from the website of IOCL was referred. The base price was noted as **Rs. 90,211/KL**. Based on this, the re-determined value of the consignment of ***"Kerosene as per IS 1459:2018"***, having a total quantity of **1,88,930** KGs equivalent to **240.4 KL** (using average density of **0.7859g/ml** as reported by Custom House Laboratory, Visakhapatnam), is **Rs. 2,16,86,724.4/-**, in terms of provisions of Rule 9 of the CVR, 2007.

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

Table-IV

Bill of Entry No.	Sample Test Result	Declared Description	Quantity (in KGs)	Declared value as per BoE	Re-determined value Approx.
4917740 dated 04.10.2025	Kerosene	Industrial Oil	1,88,930	**Rs. 1,25,43,425 /-**	**Rs. 2,16,86,724 /-**

Therefore, the said goods having declared value of **Rs. 1,25,43,425/-** and re-determined value of **Rs. 2,16,86,724/-**as per **Table-IV** above, appear to be liable for confiscation under Section 111(d) and 111(m) of the Customs Act, 1962.

10. Findings of the investigation:

10.1 Specific intelligence gathered by the Directorate of Revenue Intelligence indicated that M/s. Diya Enterprises was indulged in import of restricted goods through mis-declaration. The importer had declared the consignment as 'Industrial Oil', whereas examination and sampling carried out by the DRI revealed otherwise. The representative samples drawn in respect of Bill of Entry No. 4917740 dated 04.10.2025 were forwarded to the Custom House Laboratory, Visakhapatnam, which confirmed that the **goods meets the requirement of Kerosene (IS 1459).**

*The Custom House Laboratory reports revealed that “**The sample meets the requirement of Kerosene (IS 1459)”***

To ensure comprehensive testing of all the parameters mandated by the Hon’ble Supreme Court in ***Gastrade International v. Commissioner of Customs, Kandla***, additional samples were sent to CRCL Laboratory New Delhi. The CRCL Laboratory, New Delhi also confirmed that the imported goods met all parameters prescribed under BIS Standard IS 1459:2018 for “Kerosene”. The combined reports from CRCL (Visakhapatnam and New Delhi) conclusively established that the imported goods were in fact “Kerosene” conforming to IS 1459:2018, and not ‘Industrial Oil’ as declared in the Bill of Entry No. 4917740 dated 04.10.2025.

10.2 The sample Test report (CRCL Visakhapatnam, Lab No. 608-DRI, Test Memo No. 738/2025) in respect of Bill of Entry No. 4917740 dated 04.10.2025 is reproduced below:

भारत सरकार वित्त मन्त्रालय, राजस्व विभाग सीमा शुल्क प्रयोगशाला 5वींमंजिल, सीमा शुल्ककार्यालय पोर्टएरिया,विशाखापत्तनम– 530 001		Government of India Ministry of Finance Department of Revenue **CUSTOM HOUSE LABORATORY** **5th FLOOR** **CUSTOM HOUSE, PORT AREA** **VISAKHAPATNAM – 530 001.** **Tel/Fax: 0891-2562900** **e-mail -:chemical_examiner@yahoo.com**

TEST REPORT **Date: 16.12.2025**

Lab No: 608-DRI **Date:** 01.11.2025
F.No. DRI/GRU/Int-26/2025 **Date:** 24.10.2025
Test Memo No: 738/2025
B.E. No: 4917740 **Date:** 04.10.2025
Sample Received from: Intelligence officer, (DRI), Gandhidham Regional Unit.
Description of Sample: Industrial Oil (CTH 27101990)
Date of Receipt: 01.11.2025
Sample Plan: Sample not Drawn by this laboratory
Report: The sample is in the form of clear & colourless oily liquid. It is mainly composed of Mineral Hydrocarbon Oils having mineral oil content more than 70 % by weight. It is having following characteristics:

1.	Appearance	= clear & bright, free from sediments, suspended matter & un dissolved water
2.	Flash Point (Abel), deg. C	= 49.7^{0}C
3.	Density at 15^0 C	= 0.7860 g/ml
4.	Kinematic viscosity at 40^0 C	= 1.0984 cSt.
5.	Distillation: IBP at ^{0}C	= 125^{0}C
	FBP at ^{0}C	= 225^{0}C
6.	Smoke point	= 25 mm.

Point wise reply as under

1. (a). The sample also meet the requirement of Kerosene oil/ Kerosene intermediate. (b)(c)(d).The sample does not meet to the specified Product.
2. The sample was tested as per the initial profiling based on the distillation characteristics & only the required parameters for ascertaining the correct product/ most akin was tested.
3. The sample meets the requirement of petroleum hydrocarbon solvent 125/240(IS: 1745) and kerosene (IS 1459), Kerosene intermediate (IS 17793).
4. There is no Specification available for Industrial oil in National & International Standards.
5. It is non-hazardous.
   Sealed remnant sample returned herewith.

1/12/25

प्रदीप मारू / PRADEEP MAROO
रसायन परीक्षक ग्रेड-1
Chemical Examiner Grade-1
सीमा शुल्क प्रयोगशाला
Custom House Laboratory
सीमा शुल्क भवन, विशाखापटनम-530 035
Custom House-Visakhapatnam-530 035

End of the Report

10.2.1 Also, the sample Test report (CRCL New Delhi, Test Report No. CRCL/27/1662 (DRI), Test Memo No. 934/2025) in respect of Bill of Entry No. 4917740 dated 04.10.2025 is reproduced below:

ilac-MRA

TC-8554

भारतसरकार
Government of India
वित्तमन्त्रालय, राजस्वविभाग
Ministry of Finance, Department of Revenue
केन्द्रीयअप्रत्यक्षकरएवंसीमाशुल्कबोर्ड
Central Board of Indirect Taxes & Customs
केन्द्रीयराजस्वनियन्त्रणप्रयोगशाला
Central Revenues Control Laboratory

TEST REPORT

ULR No: TC855426500000009F
Discipline: Chemical Testing
Group: Petroleum & Products
Test Report No.: CRCL/27/1662 (DRI)
Date: 16.02.2026
PART A: Particular of Sample:-
Name and Contact Information of Customer: Intelligence officer, DRI Gandhidham
T.M.No: 934/2025
Dated: 12.02.2026
Doc No.: 4917740
Dated: 04.10.2025
Container: RLTU2025193
Sample No.: B
Description of the sample: Industrial Oil
Test Start Date: 16.02.2026 **Test End Date**: 20.03.2026 **Date of Report**: 20.03.2026
Part B: Test Report:-

The sample is in the form of clear colourless oily liquid. It is composed of mixture of mineral hydrocarbon oil, having more than 70% by weight of mineral hydrocarbons, having following constants:

S. No	Characteristics	Test Method	Test Results	Specified Value
1	Color (Saybolt)	ASTM D156, ASTM D6045, IS:1448 (Part-14): 2019	20	10
2	Acidity, inorganic	ASTM D9741	Nil	Nil
3	Burning quality(Bloom on glasschimney)	IS 1448 PART-5: 1970 (RA: 2018)	Not darker than grey	Not darker than grey
4	Burning quality(Char value, mg/kg)	IS 1448 PART-5: 1970 (RA: 2018)	4	20
5	Copper Srip Corrosion for 3 h at 50 °C	IS:1448 (Part 15)	1a	Not worse than No. 1
6	Density at 15°C (kg/m3)	IS: 1448 (Part 16):2014 (RA 2019)	784.14	To be reported
7	Distillation a) Percent recovered below 200°C, percent (v/v), *Min*	IS: 1448 (Part 18): 2020	83.7	20
8	Distillation b) Final boiling point, °C, *Max*	IS: 1448 (Part 18): 2020	240.9	300
9	Flash Point (Abel) (°C), min	IS: 1448 (Part 20):2019	47.0	35
10	Smoke Point, mm, min	IS: 1448 (Part 31): 2017	23	18
11	Total Sulphur % by mass	ASTM D4294: 2016	0.02	0.1 to 0.2

The sample meets the requirements of Kerosene as per IS 1459: 2018.

Sealed remnant sample returned.

20/03/26

20/3/26
(Dr.Chilaka Naresh)
Chemical Examiner Grade-II

Note:

1. The results relate only to the items tested.
2. Sample not Drawn by this laboratory.
3. The report shall not be reproduced except in full without approval of this laboratory.

.........End of the report.........

डॉ. चिलका नरेश / Dr. CHILAKA NARESH
रसायन परीक्षक ग्रेड-II/Chemical Examiner Gr-II
भारत सरकार / Government of India
वित्त मंत्रालय / Ministry of Finance
राजस्व विभाग / Department of Revenue
केन्द्रीय राजस्व नियन्त्रण प्रयोगशाला
Central Revenues Control Laboratory
नई दिल्ली/New Delhi

The above test reports in respect of Bill of Entry No. 4917740 dated 04.10.2025 clearly establish, as the intelligence had suggested, that the importer had in fact imported restricted goods, namely **'Kerosene'**, conforming to the parameters and specifications of **IS 1459:2018.**

10.3 As per Schedule-I (Import Policy) of ITC(HS), 2022 under Chapter 27, import of **"Kerosene conforming to IS 1459"** falling under **CTH 27101932** is classified as **"Restricted"** and is permitted only in accordance with Policy Condition No. 5 of Chapter 27. In the instant case, the said goods appear to have been imported in contravention of the aforesaid policy conditions, thereby rendering them liable for confiscation under Section 111(d) and 111(m) of the Customs Act, 1962. Accordingly, having reason to believe that the goods are liable to confiscation, placed the same under seizure under Section 110 of the Customs Act, 1962.

10.4 From the above, it is evident that the importation made by the importer is in violation of the Import Policy pertaining to CTH 27101932 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 27101932 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.

10.4.1 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 ‘Kerosene’ classifiable under HS Code 27101932 is not permitted by the entities other than STEs, the import of said goods by the private entities is prohibited.

10.4.2 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.

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

10.6 And whereas in terms of Section 46(4) of the Customs Act, 1962, the importer has to certify the truth of the contents of the Bill of Entry. Further, in terms of Section 46(4A) of the Customs Act, 1962, the importer who presents a bill of entry shall ensure the accuracy and completeness of the information given therein; shall ensure the authenticity and validity of any document supporting it; and shall ensure compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.

10.7 During investigation, statement of Shri Manish Singh, Proprietor of M/s Diya Enterprises, was recorded under Section 108 of the Customs Act, 1962 on 05.05.2026. He admitted that the subject consignment was the first import made by the firm and that he was solely responsible for procurement, negotiations, payments, import documentation and import-related decisions. He further admitted that the imported goods were classified as "Industrial Oil" based on advice of the Customs Broker and supplier documents.

10.8 Shri Manish Singh stated that the goods were ordered for use in manufacture of paint thinners and that the order specifications were based on flash point, IBP and FBP requirements. However, when confronted with the laboratory reports confirming the goods as "Kerosene conforming to IS 1459:2018", he acknowledged the findings of the reports but claimed that the supplier had exported the wrong product and denied any deliberate intention to import restricted goods.

10.9 Thus, in view of the facts discussed in the foregoing paras and material evidences available on records, it appears that M/s.Diya Enterprises 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 mala-fide intention to import restricted goods under the garb and guise of freely importable goods.

11. Role and Culpability:

11.1 Role played by M/s. Diya Enterprises (ARUPS3122N), New Survey No 588 Paiki Old Survey No 880, Manjusar Main Road Vadodara – 391775:

- From the facts narrated in foregoing paras and evidences gathered during investigation, it appears that M/s. Diya Enterprises, Vadodara imported consignment covered under 4917740 dated 04.10.2025 filed at Mundra Port, by mis-declaring the imported goods as "Industrial Oil" classified under CTH 27101990. The investigation conducted by DRI revealed that the actual goods were "***"Kerosene conforming to IS 1459"***, which is a '***Restricted***' commodity permitted for import only into India under Policy Condition No. 5 of the Customs Tariff.

- This act of mis-declaration was intended to circumvent import restrictions and facilitate the clearance of restricted goods.Therefore, it appears that M/s. Diya Enterprises, by filing incorrect declarations and failing to ensure proper classification of the goods, knowingly violated the provisions of Section 17(1), Section 46(4) and 46(4A) of the Customs Act, 1962 by deliberately mis-declaring and mis-classifying the imported goods with intent to import restricted goods under the garb of freely importable goods, thereby contravening the import restrictions prescribed under the Foreign Trade Policy and rendering the goods liable to confiscation under Section 111(d) and 111(m) of the Customs Act, 1962.

- Therefore, in view of the above, M/s. Diya Enterprises has rendered themselves liable to penalty under Sections 112(a) and 112(b) of the Customs Act, 1962. Further, it appears that M/s. Diya Enterprises deliberately filed false and incorrect documents before the Customs authorities, suppressing the actual nature of the goods in order to import restricted goods; hence, they are also liable to penalty under Section 114AA of the Customs Act, 1962.

12. Now therefore, in the light of the aforesaid facts, M/s. Diya Enterprises (ARUPS3122N), New Survey No 588 Paiki Old Survey No 880, Manjusar Main

Road Vadodara – 391775 is hereby called upon to Show cause in writing to **the Additional Commissioner of Customs, Customs House, Mundra**, having office situated at office of the Pr. Commissioner of Customs, 5B, Port User Building, Adani Ports & SEZ, Mundra, Kutch, Gujarat – 370421 within 30 (thirty) days from the date of receipt of this notice, as to why:

(i) The classification of goods covered under Bill of Entry No. 4917740 dated 04.10.2025 filed at Mundra Port, declared as 'Industrial Oil', under CTH 27101990, should not be rejected and the same should not be re-classified as 'Kerosene as per IS 1459:2018' under CTH 27101932;

(ii) The declared value of the said goods declared as 'Industrial Oil', as **Rs. 1,25,43,425/-**should not be rejected in terms of Rule 12 of the CVR, 2007 and the same should not be re-determined as **Rs. 2,16,86,724/-** as discussed in foregoing paras;

(iii) The goods declared as 'Industrial Oil', under the Bill of Entry No. 4917740 dated 04.10.2025 filed at Mundra Port having re-determined value of **Rs. 2,16,86,724/-** as discussed in Table-IV, should not be held liable for confiscation under Section 111(d) and 111(m) of the Customs Act, 1962.

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

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

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

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

Digitally signed by
Dipakbhai Zala
Date: 08-06-2026
18:03:17

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

Encl.: Annexure-R containing list of Relied upon Documents (RUDs)

To,

(1) M/s. Diya Enterprises (ARUPS3122N),

New Survey No 588 Paiki Old Survey No 880,
Manjusar Main Road Vadodara – 391775
(Email-diyaenterprises2611@gmail.com).

Copy to:

(1) The Additional Director General, DRI, Ahmedabad.

(2) The Joint Director, Directorate of Revenue Intelligence, Regional Unit, Gandhidham (Kutch).

(3) The Deputy Commissioner, EDI, Customs Mundra (For uploading on official website immediately).

Annexure-R- List of Relied upon Documents

Investigation in respect of consignment imported by M/s Diya Enterprises (ARUPS3122N) in Bill of Entry No. 4917740 dated 04.10.2025

RUD No.	Details of the RUD	No. of Pages
RUD NO. 1	Bill of Entry No. 4917740 dated 04.10.2025	1-6
RUD NO. 2	Panchnama dated Panchnama dated 16.10.2025 at CFS – Allcargo CFS, Mundra	1-3
RUD NO. 3	Test reports in respect of Bill of Entry No. 4917740 dated 04.10.2025	1-10
RUD NO. 4	Test reports submitted by CRCL Laboratory New Delhi in respect of Bill of Entry No. 4917740 dated 04.10.2025	1-10
RUD NO. 5	Seizure memo dated 28.01.2026 along with corrigendum dated 31.01.2026	1-2
RUD NO. 6	Statement of Shri Manish Singh (Proprietor, M/s Diya Enterprises), was recorded under Section 108 of the Customs Act, 1962 on 05.05.2026	1-4
RUD NO. 7	Extension under Section 110(2) of the Customs Act, 1962	1-1
RUD NO. 8	IOCL price for valuation	1-1