

	<p style="text-align: center;">सीमा शुल्क के प्रधान आयुक्त का कार्यालय सीमा शुल्क सदन, मुंद्रा, कच्छ, गुजरात</p> <p style="text-align: center;"><b>OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS</b></p> <p style="text-align: center;"><b>CUSTOMS HOUSE, MUNDRA, KUTCH, GUJARAT</b></p> <p style="text-align: center;"><b>Phone No.02838-271165/66/67/68</b> <b>FAX.No.02838-271169/62,</b> <b>Email-adj-mundra@gov.in</b></p>	
<b>A. File No.</b>	: GEN/ADJ/ADC/425/2025-Adjn-O/o Pr. Commr- Cus-Mundra	
<b>B. Passed by</b>	: Amit Kumar Mishra, Additional Commissioner of Customs, Customs House, AP & SEZ, Mundra.	
<b>C. Noticee(s) / Party / Importer</b>	: M/s. Vedanta Lubricants India(IEC: <b>AAMFV552B</b> )	
<b>D. DIN</b>	: 20250271MO000000AB60	
<b>E. SCN Date</b>	: 10.02.2025	

**SHOW CUASE NOTICE UNDER**  
**(UNDER SECTION 124 OF THE CUSTOMS ACT, 1962**

**M/s. Vedanta Lubricants India (IEC: AAMFV552B)** (*hereinafter also referred to as “the Importer”*), having address at Jaspal banger, Kanganwal Road, Industrial Area-C, Near balaji Kanda, Ludhiana-141123, filed Bill of Entry No. 5015617 dated 12.08.2024 (**RUD-1**) at Mundra Port. Intelligence gathered by the Directorate of Revenue Intelligence (DRI), indicated that the said importer had tried to import Diesel/Light Diesel Oil by mis-declaring the same as Distillate Oil. The import of Diesel/Light Diesel Oil into India is restricted and only State Trading Enterprises are allowed to import the subject goods as per Foreign Trade Policy. Details of the said consignment is as under:

**Table-I**

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

**2.** Accordingly, after approval of the competent authority, the above said consignment was put on hold by the DRI on 14.08.2024. Further, Examination of the 18 containers covered under the said consignment was carried out by the DRI under panchnama dated 21.08.2024 (**RUD-2**) in presence of the representative of the Customs Broker, at M/s Ameya Logistics Pvt. Ltd (Honeycomb) CFS, Adani Port and SEZ, Mundra. During the said examination

proceedings, representative samples, in duplicate, were also drawn from each of the 18 containers, for testing to ascertain the exact nature of the import goods in the said consignment.

### **3. Testing and Seizure:**

3.1 The 18 representative samples were sent to Central Excise and Customs Laboratory (CECL), Vadodara for testing of the same. CECL, Vadodara submitted their test reports dated 27.09.2024 (**RUD-3 Coll'y**) in respect of the said 18 samples. The said test reports in respect of **all of the 18 samples**, on the basis of the tested parameters by the CECL Vadodara, indicated that "**the sample meets the requirement of Light Oils & preparations as per Chapter 27, Note 4 of CTI.**"

3.2 Import of "Light Oils & Preparations", is restricted into India, and the same can only be imported subject to Policy Condition No. 5 of Chapter 27. Therefore, it appeared that said importer has imported restricted goods i.e. "**Light Oil and Preparations**" (**other than naphtha**) by mis-declaring the same as "distillate oil" under the said consignment. Accordingly, there being a reasonable belief that that the said goods were liable for confiscation under the provisions of Section 111 of the Customs Act, the same were placed under seizure under Section 110 of the Customs Act, 1962, vide Seizure Memo dated 17.10.2024 (**RUD-4**).

### **4. Investigation and recording of statements:**

4.1. Letter dated 17.09.2024 and subsequent reminders were sent to Shipping Agent M/s Galleon Western Shipping Private Ltd., Gandhidham requesting to provide copies of all the documents i.e. Customs declaration, etc. submitted to the shipping line M/s G Line by the shipper M/s. Relevance Industries & Trading LLC, Sharjah Media City, Sharjah UAE located in UAE in case of the subject Bill of Lading No. GALJEMUN00063124 dated 04.08.2024. Shipping line provided the documents i.e. copy of commercial invoice, packing list, country of origin and bill of lading, and it was noticed from the said documents that declared description of the said goods was distillate oil, having CTH 27101961.

4.2. Statement of Shri Vikram Jeet, authorized person of M/s. United Lubricants India, was recorded on 12.11.2024 and 23.12.2024 (**RUD-5 Coll'y**) during which he interalia, stated that their firm was primarily engaged in the trading of imported Industrial Oil/ Distillate Oil and locally trading of all kind of burning grade fuel oil and also has established a lubricating oil plant, where

they purchase locally used lubricants oil, process the same in their plant and produce the lubricants oil as the final product in local market. Shri Vikram stated that Shri Ankit Jain, Partner of the firm has looking after the purchase and the import related works and Shri Nilesh Kumar Rajyaguru Partner looking after the work related Sales and finance. Further, Shri Vikram stated that their firm sells the product to buyers based on their requirements, who used it primarily for boilers and other burning purposes. Their firm imported Distillate Oil and Heavy Motor Scrap only. This is the third import consignment of Distillate Oil to date at Mundra Port from the UAE. The supplier of this particular shipment was M/s. Relevance Industries & Trading LLC, Sharjah Media City, Sharjah UAE, based in Dubai, UAE. Shri Vikram disclosed that Shri Ankit Jain, Partner of the firm has placed the order for this consignment. When asked about correspondence with the supplier, Shri Vikram stated that no email communication was conducted with the supplier, as all interactions were telephonic. Documents related to the import were also shared over the phone. Shri Vikram submitted copies of the analysis report, invoice, packing list, bill of lading as supporting documents for the import transaction. Upon being presented with reports from the Central Excise and Customs Laboratory, Vadodara, Shri Vikram reviewed the findings and acknowledged their conclusions. The laboratory tested samples from the imported consignment under Test Memo Nos. 400/2024 to 417/2024. The results indicated that "***the sample meets the requirement of Light Oils & preparations as per Chapter 27, Note 4 of CTI.***", and the product was classified under Customs Tariff Heading (CTH) 2710 1290. Shri Vikram was also informed that this product is restricted for import under Policy Condition No. 5 of Chapter 27 of the ITC (HS) Import Policy.

4.3 In his said statement, Shri Vikram accepted the test report findings and opted against re-testing. He clarified that their firm had been regularly importing Distillate Oil and suggested that the incorrect specification might be due to an error on the part of the supplier. He submitted an analysis report provided by the supplier, which described a different specification than that indicated by the Customs Laboratory test. He also agree to provide the copy of shipping declaration made by overseas supplier after getting details from the supplier within 2-3 days, however, he provided the specifications provided by the overseas supplier at UAE. In response to questions about the discrepancy between the specifications submitted by their firm and the test results from the Customs Laboratory, Shri Vikram admitted that it appeared the supplier had cheated them by providing goods of specifications different from those promised. He noted that the supplier's provided specifications indicated a flash point of 52 degrees Celsius, an initial boiling point (IBP) of 160 degrees Celsius,

and a final boiling point (FBP) of 400 degrees Celsius. However, the Customs Laboratory test results showed a flash point of 29 degrees Celsius and an IBP and FBP range of 139 to 210 degrees Celsius. He reiterated his intention to address this discrepancy with the supplier. Shri Vikram also accepted that the goods imported by their firm are not Light Naphtha, Heavy Naphtha or Full Range Naphtha. They have not ordered any type of Naphtha. He had gone through the chapter heading and restrictions and agreed that the imported goods fall under the CTH 27101290 which is restricted goods under Police Condition No. 5 of Chapter 27. In response to questions about there is no such HS Code 27101961 and also there is no such item as Distillate Oil, however declaration has been made as Distillate Oil under CTH 27101961 in Bill of Entry No. 5015617 dated 12.08.2024 in HSN List of Sharjah Customs available on website <https://sharjahcustoms.gov.ae/files/CustomsAffairs/En/HS%20Code.pdf>, he stated that their firm only declared the goods as 'Distillate Oil based on the documents which were provided by the supplier.

4.5 Statement of Shri Shyam Goyal, authorized person of Customs Broker M/s. JMC Logistics Services, was recorded on 12.11.2024 (**RUD-6**), during which he interalia, stated that he has engaged in customs clearance and transportation related work of their customs broker firm M/s JMC Logistics Services at Mundra Branch. The Customs Broker Firm M/s JMC Logistics Services registered at Ludhiana, Punjab, under the F-card holder Shri Vijay Mishra. Shri Vijay Mishra, F-card use to do the marketing for customs clearance work of their Custom Broker firm M/s JMC Logistics Services. When asked about the import consignment by M/s. Vedanta Lubricants India, Shri Shyam stated that they had filed the Bill of Entry based on documents and declarations provided by the importer. These documents included a chemical analysis/test report and other import-related paperwork, which declared the goods as Distillate Oil under CTH 27101961. On being shown the statement of Shri Vijay, Proprietor of M/s. Vedanta Lubricants India, dated 12.11.2024, Shri Shyam affirmed its content and signed it. He also acknowledged the test reports from the Central Excise and Customs Laboratory, Vadodara, which classified the imported goods as Light Oils & preparations under CTH 27101290. He accepted that the said item was restricted for import as per Policy Condition No. 5 of Chapter 27 of the ITC (HS) Import Policy and noted that the importer had opted not to re-test the said goods. On the issue of mis-declaration, Shri Shyam stated that he was unaware of any discrepancies and relied entirely on the documents and information provided by the importer when filing the import paperwork.

## **5. Findings of the investigation:**

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

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

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

5.4 During further investigation, the DRI recorded statements of Shri Vikram Jeet, authorized person of M/s. Vedanta Lubricants India, and Shri Shyam Goyal, authorized person of Customs Broker M/s. JMC Logistics Services, facilitated the import. Shri Vikram statement was recorded on 12.11.2024 and 23.12.2024. He stated that their firm involved in import of "Distillate Oil" only, this is the third imported consignment of Distillate Oil to date at Mundra Port from the UAE. The supplier for this consignment was M/s. Henkel International Lubricants FZE, Sharjah, UAE, based in Dubai. Shri Vikram

disclosed that Shri Ankit Jain, Partner of firm placed the order and handled all communications with the supplier via telephone, with no email correspondence or written agreements. Supporting documents for the transaction, including an analysis report, invoice, packing list, bill of lading, were provided to substantiate the import. Shri Vikram also stated that the goods imported by their firm are not Light Naphtha, Heavy Naphtha or Full Range Naphtha. They have not ordered any type of Naphtha. He had also gone through the chapter heading and restrictions and agreed that the imported goods fall under the CTH 27101290 which is restricted goods under Police Condition No. 5 of Chapter 27. He is also accepted that there is no such HS Code 27101961 and item as Distillate Oil in HSN List of Sharjah Customs available on website <https://sharjahcustoms.gov.ae/files/CustomsAffairs/En/HS%20Code.pdf>., however declaration has been made as Distillate Oil under CTH 27101961 in Bill of Entry No. 5015617 dated 12.08.2024 by their company only based on the documents which were provided by the supplier.

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

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

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

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

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

## **6. Relevant Legal provisions:**

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

### ***“2.21 State Trading Enterprises (STEs)***

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

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

*practices, to compete for participation in such purchases or sales. (c) DGFT may, however, grant an authorisation to any other entity to import or export any of the goods notified for exclusive trading through STEs.”*

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

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

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

#### **7. Valuation: -**

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

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

*“Rule 12. Rejection of declared value. -*

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

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

*Explanation. -*

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

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

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

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

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

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

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

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

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

(f) the fraudulent or manipulated documents. "

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

### **3. Determination of the method of valuation. -**

(1) Subject to rule 12, the value of imported goods shall be the transaction value adjusted in accordance with provisions of rule 10;

(2) Value of imported goods under sub-rule (1) shall be accepted:

Provided that -

(a) there are no restrictions as to the disposition or use of the goods by the buyer other than restrictions which -

(i) are imposed or required by law or by the public authorities in India; or

(ii) limit the geographical area in which the goods may be resold; or

- (i) do not substantially affect the value of the goods;
- (b) the sale or price is not subject to some condition or consideration for which a value cannot be determined in respect of the goods being valued;
- (c) no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with the provisions of rule 10 of these rules; and
- (d) the buyer and seller are not related, or where the buyer and seller are related, that transaction value is acceptable for customs purposes under the provisions of sub-rule (3) below.

(3) (a) Where the buyer and seller are related, the transaction value shall be accepted provided that the examination of the circumstances of the sale of the imported goods indicate that the relationship did not influence the price.

(b) In a sale between related persons, the transaction value shall be accepted, whenever the importer demonstrates that the declared value of the goods being valued, closely approximates to one of the following values ascertained at or about the same time.

- (i) the transaction value of identical goods, or of similar goods, in sales to unrelated buyers in India;
- (ii) the deductive value for identical goods or similar goods;
- (iii) the computed value for identical goods or similar goods:

Provided that in applying the values used for comparison, due account shall be taken of demonstrated difference in commercial levels, quantity levels, adjustments in accordance with the provisions of rule 10 and cost incurred by the seller in sales in which he and the buyer are not related;

(c) substitute values shall not be established under the provisions of clause (b) of this sub-rule.

(4) if the value cannot be determined under the provisions of sub-rule (1), the value shall be determined by proceeding sequentially through rule 4 to 9.

#### **4. Transaction value of identical goods. -**

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

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

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

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

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

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

**Rule 5 (Transaction value of similar goods).-**

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

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

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

Further, as per Rule 6 of the CVR, 2007, if the value cannot be determined under Rule 3, 4 & 5, then the value shall be determined under Rule 7 of CVR, 2007.

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

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

**7.5.** Accordingly, for valuation purpose, in order to arrive at a fair and reasonable value of the subject goods in question within the framework of law and procedures as ordained in the Valuation Rules, contemporary imports data

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

#### **8. Confiscation of the goods:**

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

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

#### **Role played by various firms/persons:**

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

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

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

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

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

**10.** Now therefore, **M/s Vedanta Lubricants India** (IEC: AAMFV5523B), having address at Jaspal, Banger, Industrial Area-C, Kanganwal Road, Near Balaji Dharam Ludhiana-141123, are hereby called upon to show cause to **the Additional Commissioner of Customs, Customs House, Port User Building, Mundra Port, Mundra** as to why:

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

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

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

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

**11.** All the Noticees are further required to produce at the time of showing cause all evidences upon which they intend to rely in support of their defence. They are further advised to indicate in their written submission 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 submissions, it would be presumed that they do not desire to be heard in person. If no cause is shown by them against the action proposed to be taken within 30 days from the date of receipt of this Notice or if they do not appear before the adjudicating authority, when the case is posted for hearing, the case is liable to be decided Ex-Parte on the basis of material evidence available on record.

**12.** The documents/articles as listed at Annexure-R are relied upon and are enclosed with this show cause notice, and where not enclosed with this Notice will be made available for inspection on demand made in writing.

**13.** The department reserves its right to issue addendum/ corrigendum to show cause notice or to make any additions, deletions amendments or supplements to this notice, if any, at a later stage. The department/DRI also reserves its right to issue separate Notice/s for other Noticees, offences etc related to the above case, if warranted.

Encl: – Annexure-R

*Mishra*  
(Amit Kumar Mishra)  
Additional Commissioner,  
Custom House, Mundra.

F. No. GEN/ADJ/ADC/425/2025-Adjn  
DIN: 20250271MO000000AB60  
To,

1. M/s Vedanta Lubricants India (IEC: AAMFV5523B),

Jaspal, Banger, Industrial Area-C, Kanganwal Road, Near Balaji Dharam  
Ludhiana-141123. (e-mail- vedantalubricantsindia@yahoo.com.)

**Copy to:**

1. The Deputy Director, Directorate of Revenue Intelligence, Ghandidham.
2. The Assistant Commissioner, EDI, Customs Mundra (For uploading on Mundra Customs Website)
3. Guard File.