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
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A	**FILE NO.** फ़ाइल संख्या	GEN/ADJ/ADC/ 430/2025-Adjn-O/o Pr. Commr-Cus-Mundra
B	**OIO NO.** आदेश संख्या	MCH/ZDC/ADC/193/2026-27
C	**PASSED BY** जारीकर्ता	**Dipak Zala,** Additional Commissioner of Customs/अपर आयुक्त सीमा शुल्क, Custom House, Mundra/कस्टम हाउस, मुंद्रा।
D	**DATE OF ORDER** आदेश की तारीख	17.06.2026
E	**DATE OF ISSUE** जारी करने की तिथि	17.06.2026
F	**SCN No. & Date** कारण बताओ नोटिस क्रमांक	GEN/ADJ/ADC/430/2025-Adjn dated 10.02.2025
G	**NOTICEE/ PARTY/ IMPORTER** नोटिसकर्ता/पार्टी/आयातक	M/s. Hemraj Petrochem Private Limited (IEC: AAFCH7048R)

1. यहआदेश संबन्धित को नि:शुल्क प्रदान किया जाता है।
This Order - in - Original is granted to the concerned free of charge.

2. यदि कोई व्यक्ति इस आदेश से असंतुष्ट है तो वह सीमाशुल्क अपील नियमावली 1982 के नियम 3 के साथ पठित सीमाशुल्क अधिनियम 1962 की धारा 128 A के अंतर्गत प्रपत्र सीए- 1 में चार प्रतियों में नीचे बताए गए पते परअपील कर सकताहै-
Any person aggrieved by this Order - in - Original may file an appeal under Section 128A of Customs Act, 1962 read with Rule 3 of the Customs (Appeals) Rules, 1982 in quadruplicate in Form C. A. -1 to:

"सीमाशुल्कआयुक्त (अपील),
चौथी मंजिल, हुडको बिल्डिंग, ईश्वरभुवन रोड,
नवरंगपुरा,अहमदाबाद 380 009"
"THE COMMISSIONER OF CUSTOMS (APPEALS), MUNDRA
HAVING HIS OFFICE AT 4TH FLOOR, HUDCO BUILDING, ISHWAR BHUVAN ROAD,
NAVRANGPURA, AHMEDABAD-380 009."

3. उक्तअपील यहआदेश भेजने की दिनांक से 60 दिन के भीतर दाखिल की जानी चाहिए।
Appeal shall be filed within sixty days from the date of communication of this order.

4. उक्त अपील के पर न्यायालय शुल्क अधिनियम के तहत 5/- रुपए का टिकट लगा होना चाहिए और इसके साथ निम्नलिखित अवश्य संलग्न किया जाए-

Appeal should be accompanied by a fee of Rs. 5/- under Court Fee Act it must be accompanied by –

(i) उक्त अपील की एक प्रति और A copy of the appeal, and

(ii) इस आदेश की यह प्रति अथवा कोई अन्य प्रति जिस पर अनुसूची-1 के अनुसार न्यायालय शुल्क अधिनियम-1870 के मद सं°-6 में निर्धारित 5/- रुपये का न्यायालय शुल्क टिकट अवश्य लगा होना चाहिए।
This copy of the order or any other copy of this order, which must bear a Court Fee Stamp of Rs. 5/- (Rupees Five only) as prescribed under Schedule – I, Item 6 of the Court Fees Act, 1870.

5. अपील ज्ञापन के साथ ड्यूटि/ ब्याज/ दण्ड/ जुर्माना आदि के भुगतान का प्रमाण संलग्न किया जाना चाहिये।
Proof of payment of duty / interest / fine / penalty etc. should be attached with the appeal memo.

6. अपील प्रस्तुत करते समय, सीमाशुल्क (अपील) नियम, 1982 और सीमाशुल्क अधिनियम, 1962 के अन्य सभी प्रावधानों के तहत सभी मामलों का पालन किया जाना चाहिए।
While submitting the appeal, the Customs (Appeals) Rules, 1982 and other provisions of the Customs Act, 1962 should be adhered to in all respects.

7. इस आदेश के विरुद्ध अपील हेतु जहां शुल्क या शुल्क और जुर्माना विवाद में हो, अथवा दण्ड में, जहां केवल जुर्माना विवाद में हो, Commissioner (A) के समक्ष मांग शुल्क का 7.5% भुगतान करना होगा।
An appeal against this order shall lie before the Commissioner (A) on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.

BRIEF FACTS OF THE CASE

Specific intelligence indicated that M/s. Hemraj Petrochem Private Limited (IEC: AAFCH7048R) (*hereinafter also referred to as "the Importer"*), and having address at 'No. 2/53 B, G.F, Shop No. 3, North Avenue Road, Punjabi Bagh, West Delhi-110026' had imported 'Restricted Goods' through mis-declaration under Bill of Entry No. 5020654 dated 12.08.2024 at Mundra Port and declared the same as 'Distillate Oil'. Details of the said consignment is as under:

Table-I

Bill of Entry No.	5020654 dated 12.08.2024 (INMUN1)
Bill of Lading No.	EBSINMUN08240025
Declared Goods in BE	Distillate Oil, CTH: 27101961
Declared Quantity	158.05 MTS
Customs Broker	M/s. Gaurav M. Jhaveri (AGRPJ9989QCH001)
Country of Origin	United Arab Emirates
Supplier	Sunlight Trading FZE, Sharjah, UAE

2. Accordingly, the above said consignment was put on hold by the DRI and further examination and sampling of goods contained in 8 containers covered under the aforesaid consignment was carried out by the DRI under panchnama dated 20.08.2024 in presence of the representative of the Customs Broker at M/s CWC CFS (M/s Speedy Multimodes Ltd.). During the said examination proceedings, representative samples, in duplicate, were drawn from each of the 8 containers, for laboratory testing to ascertain the exact nature of the import goods in the said consignment.

3. <u>Testing and Seizure</u>:

3.1 The 8 representative samples were sent to Central Excise and Customs Laboratory (CECL), Vadodara for testing of the same. The Central Excise and Customs Laboratory (CECL), Vadodara submitted their test reports dated 27.09.2024 in respect of the said 8 samples. The said test reports in respect of all of the 8 samples, on the basis of the tested parameters by the CECL Vadodara, indicated that "***On the basis of above tested parameters, the sample u/r meets the requirements of Distillate Marine Fuels as per IS:16731:2019 and also meets the requirements of High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018.***"

3.2 The test reports were analyzed in detail and on going through various literatures available on Indian Government websites/Indian Oil Corporation, it was observed that the parameters reported by the Central Excise and Customs Laboratory (CECL), Vadodara, align more closely with those of "***High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018***" rather than with "***Distillate Marine Fuels as per IS 16731:2019 (equivalent to ISO 8217:2017)***". The report as available on https://www.ennoreport.gov.in/upload/uploadfiles/files/Marine%20Fuel%20Brochure-Attachment-1.pdf is reproduced below:

- **Detailed comparison of IndianOil HFHSD specifications with MIL-DTL-16884M, ISO 8217 and IS 16861: 2018 is given below:**

SL. No	Characteristics	Unit	Test Methods*	MIL-DTL-16884M	ISO 8217	HFHSD as per IS16861	IOC MIL HFHSD – Typical Values
1	Appearance	-	ASTM D 4176	Clear, bright, and free from visible Particulates	Clear, bright, and free from visible Particulates	Clear, bright, and free from visible Particulates	Clear, bright, and free from visible Particulates
2	Demulsification , @ 250C	Minutes	ASTM D1401	Max 10	-	-	5
3	Density at 15 °C	kg/m3	ASTM D1298 (R), D4052, D287	Max 876	Max 890	Max 860	833.1
4	Distillation	°C	ASTM D86 (R) , D2887	Report			
	10% V/V recovered at			Report			219
	50% V/V recovered at			Max 357		85% min @ 350 deg C	277
	90% V/V recovered at			Max 385		95% min @ 370 deg C	341
	Final Boiling Point			Max 3.00			366
	Residue + Loss	% Vol					2.00
5	Cloud Point	°C	ASTM D5773 , D2500(R), D5772, D5771	Max. (-) 1	-	-	(-)2
6	Colour	Number	ASTM D1500 (R), D6045	Max. 1.0	-	-	0.5
7	Flash Point (PMCC)	°C	ASTM D93 (R) , D6450 , D3828	Min. 66.0	Min 60.0	Min 66.0	69
8	Particulate con-tamination,	mg/lit	ASTM D6217 (R), D5452	Max 10	-	-	4.5
9	Pour Point	°C	ASTM D97 (R), D5949, D5950, D5985 8/	Max. (-) 6	Max. (-) 6	Winter 3 Summer 15	(-)9
10	Kin. Viscosity at 40 °C	cSt.	ASTM D445	1.70 to 4.30		2.0-5.0	3.03
11	Acid Number (Acidity)	Mg KOH/g	ASTM D974 (R)	Max. 0.30	Max 0.50	Max 0.50	0.1

- Detailed comparison of IndianOil HFHSD specifications with MIL-DTL-16884M, ISO 8217 and IS 16861: 2018 is given below:

SL No	Characteristics	Unit	Test Methods*	MIL-DTL-16884M	ISO 8217	HFHSD as per IS16861	IOC MIL HFHSD – Typical Values
12	Ash content	% wt	ASTM D482	Max. 0.005	Max 0.01	Max. 0.01	0.004
13	Carbon Residue on 10% bottoms	% wt.	ASTM D524 (R) 10/	Max. 0.20	Max 0.30	Max 0.30	
			D189, D4530 10/	Max 0.14			0.13
14	Copper Corrosion, 3 hrs at 100OC	Classification	ASTM D130	Max. 1	-	Max. 1	1a
15	Hydrogen content	Wt%	ASTM D7171 (R), D4808, D6291	Min.12.5	-	-	13.39
16	Cetane Number	Number	ADTM D613	Min. 46	-	-	51.1
	Cetane Index	-	ASTMD 4737, D976	Min. 45	Min 40.0	Min 45	55.8
17	Storage Stability (total insoluble)	mg/100ml	ASTM D5304 (R)	Max. 3.0			
			ASTM D2274	Max. 1.5	-	-	1.2
18	Sulfur content	Wt%	ASTM D4294 (R) , D1266, D1552, D2622, D3120, D6453 (R) , D7039	Max.0.1	Max 1.0	Max 0.2	0.097
19	Trace metals	ppm	ASTM D7111 (R), D3605		-	-	
	Calcium			Max 1.0			0.5
	Lead			Max 0.5			0.1
	Sodium+ potassium			Max 1.0			0.4
	Vanadium			Max 0.5			0.3
20	Lubricity, corrected WSD @ 60oC,	µm	ISO 12156, ASTM D6079, D7688	Max 460	Max 520	Max 520	414
21	Water and sediment	% v/v	ASTM D2709	Max 0.05	Max 0.05	Max 0.05	0.02
22	Cold filter plugging point (CFPP)	oC	ASTM D6371	Max 0	-	Max 0	(-) 3

The initial most import parameters which are taken into account are Flash Point, Density at 15° C, K.V. at 40° C (cSt) and Distillation Range. However, all the parameters were compared as per the test reports provided by the Central Excise and Customs Laboratory (CECL), Vadodara and that mentioned in above detailed comparison table and important aspects noticed are as given below:

(i) In all 8 reports, the density reported by CECL is around 0.83 which shows that parameter is very near to ***IS 16861*** (max 0.860 as per IS 16861 and exact as per IOC MIL HFHSD) rather than ***ISO*** *8217 (max 0.890).*

(ii) In all 8 reports, the flash point reported by CECL is around 70° C which is very near to ***IS 16861*** (min 66° C as per IS 16861 and almost equal to IOC MIL HFHSD) rather than ***ISO 8217*** (min 60° C).

(iii) The K.V. at 40° C (cSt) reported by CECL is around 3.0 which is as per **IS 16861** however there is no specification mentioned in ***ISO 8217*** for K.V. at 40° C (cSt).

(iv) The Distillation Range reported by CECL is as per **IS 16861** however there is no specification mentioned in ***ISO 8217*** for distillation range.

It clearly shows that parameters of imported goods very much align to ***IS 16861 i.e. "High Speed Diesel Fuel conforming to standard IS 16861"*** and imported goods are actually classifiable under HS Code 27101949 rather than 27101961.

As per Schedule 1 Import Policy under ITC(HS), 2022 for Chapter-27 (Mineral Fuels, Mineral Oils, etc.), import of "***Gas oil and oils obtained from gas oil: ---- High flash high speed diesel fuel conforming to standard IS 16861***" covered under HS Code 27101949, 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. "***High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018***" by mis-declaring the same as "Distillate Oil" under the said consignment. 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, vide Seizure Memo dated **16.10.2024**.

4. During the course of investigation, statements of concerned persons were recorded under Section 108 of the Customs Act, 1962 and some documents were collected as given below:

4.1 Letter dated 17.09.2024 was sent to Shipping Agent M/s Everbridge Logistics Pvt Ltd., Gandhidham requesting to provide copies of all the documents i.e. Customs declaration, etc. submitted to the shipping line M/s Everbridge Logistics Pvt Ltd. by the shipper M/s. Sunlight Trading FZE, Sharjah, UAE, located in UAE in case of the subject Bill of Lading No. EBSINMUN08240025 dated 03.08.2024, in response M/s Everbridge Logistics Pvt Ltd., Gandhidham provided a shipping declaration from Sharjah Customs via email dated 18.09.2024. Further, M/s Everbridge Logistics Pvt Ltd. provided another overseas shipping declaration document from Dubai Customs via email dated 27.09.2024.

4.2. Statement of Shri Atul Arora, Director of M/s. Hemraj Petrochem Pvt. Ltd. was recorded on 08.10.2024, during which he interalia, stated that his company was incorporated in March 2021 and apart from himself, his brother Anish Arora is also Director of the company and his company was primarily engaged in the trading of Distillate Oil, Shuttering Oil, Grease, Mobile Oil etc. Shri Atul Arora stated that he was looking after trading of Shuttering Oil, Grease etc. while his brother Shri Anish Arora was looking after imports. On being asked about email correspondence with the supplier, Shri Atul stated that he would provide the copies within 2-3 days after getting details from his brother Shri Anish Arora. Upon being presented with reports from the Central Excise and Customs Laboratory, Vadodara, Shri Atul reviewed the findings of the laboratory tested samples from the imported consignment under Test Memo Nos. 343/2024 to 350/2024. On being shown two different shipping declaration i.e. one from Dubai Custom and another from Sharjah Custom received from M/s Everbridge Logistics Pvt Ltd. having HS code mentioned as 2710 1961 which was non existing in Sharjah Customs and Dubai Customs, he stated that he had no idea about it and could reply after getting details from the supplier within 2-3 days. On perusal of shipping declaration from Sharjah Custom received on 18.09.2024 wherein the good description and HS Code prima facie appeared to be 'rewritten', he stated that he had no idea about it and could only reply after getting details from the supplier within 2-3 days.

4.3 Statement of Shri Gaurav Madhusudan Jhaveri, an 'F Card' holder of Customs Broker M/s. Gaurav M. Jhaveri, was recorded under Section 108 of the Customs Act, 1962 on 28.11.2024, during which he interalia, stated that he has filed the Bill of Entry based on documents and declarations provided by the importer. On being shown the statement of Shri Atul Arora, Director of Hemraj Petrochem Private Limited dated 08.10.2024, Shri Gaurav Jhaveri affirmed its content and put his signature. When asked about HS Code 27101961 mentioned in both documents i.e. Shipping

Declarations and Bill of Lading, which is non-existing in Sharjah Customs, he stated that he was not aware of the HS Code List of Sharjah Customs and further stated that he was not aware about the said shipping declaration. He also acknowledged the test reports from the Central Excise and Customs Laboratory, Vadodara, which stated that "***On the basis of above tested parameters, the sample u/r meets the requirements of Distillate Marine Fuels as per IS:16731:2019 and also meets the requirements of High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018.***". After showing the Policy Condition No. 5 of Chapter 27 of the ITC (HS) Import Policy, where it was mentioned that the import of High Flash High Speed Diesel Fuel (HFHSD) is 'Restricted', he stated that importer could properly reply in the said matter.

4.4 Statement of Shri Anish Arora, Director of M/s. Hemraj Petrochem Pvt. Ltd. was recorded under Section 108 of the Customs Act, 1962 on 24.01.2025, during which he inter alia, stated that he was looking all import works of Distillate oil. When asked about email correspondence with the supplier, Shri Atul stated they were not doing communication through e-mail and all the correspondences were done telephonically and all documents from overseas were received telephonically. When being asked about two different shipping declarations— one of Dubai Customs and another of Sharjah Customs—both received from their shipping line agent, M/s Everbridge Logistics Pvt. Ltd., he stated that he had no knowledge of the discrepancy. Furthermore, on being asked about non-submission of the documents as asked earlier during statement dated 08.10.2024 of Shri Atul Arora, he stated that he contacted the supplier telephonically and the supplier told him that they provided the same HS Code to all their customer. When asked about why he did not pursue further email correspondence with supplier after realizing that provided HS Code invalid in Supplier's custom jurisdiction, he reiterated that he had only contacted the supplier telephonically. When questioned about the apparent rewriting of the goods description and HS Code in the shipping declaration received on 18.09.2024, he stated that he had no knowledge of it. When asked to provide any evidence – such as email/chat/messages, confirming that M/s Hemraj Petrochem Private Limited had contacted the supplier after knowing the goods were mis-declared or having invalid HS Code, Shri Anish Arora failed to present any such proof. When asked to provide proof of ordering 'Distillate Oil, Shri Anish Arora failed to present any supporting documents and they also not providing any proof of showing any contact to their supplier after knowing that their supplier sent mis-declared goods or wrongly HS code.

4.5 Statement of Shri Jobin Nanakkan Rayappan, Manager of M/s. Everbridge Logistics Pvt. Ltd., Gandhidham was recorded under Section 108 of the Customs Act, 1962 on 27.01.2025, during which he interalia, stated he had been working as a Manager of M/s. Everbridge Logistics Pvt. Ltd since 2022, he further explained that generally they receive e-mail communication regarding consignments sent by M/s Everbridge Shipping LLC and that, upon arrival of the consignment, they handle all clearance on behalf of shipping Line to discharge the goods to their importers. When questioned about two different shipping declarations—one of Dubai Customs and another of Sharjah Customs- submitted via email dated 18.09.2024 and 27.09.2024 respectively by M/s Everbridge Logistics Pvt Ltd., he stated that the document submitted via email on 18.09.2024 was provided by their POL (Port of Loading) Team, whereas the documents submitted via email on 27.09.2024 was provided by the shipper M/s Sunlight Trading FZE, UAE. When asked about the authenticity of the both documents, he stated that he could not confirm authenticity of the both documents. Furthermore, when asked apparent rewriting of the goods description and HS Code in the customs declarations, he stated that he had no idea about the same.

5. Findings of the investigation & Evidences collected :

5.1 Specific intelligence gathered by the Directorate of Revenue Intelligence indicated that M/s. Hemraj Petrochem Private Limited is indulged in import of 'Restricted Goods' through mis-declaration by declaring the same as 'Distillate Oil'. Accordingly, the consignment covered under Bill of Entry No. 5020654 dated 12.08.2024 was put on hold by the DRI and further examination and sampling of goods contained in 8 containers covered under the aforesaid consignment was carried out by the DRI under panchnama dated 20.08.2024 in presence of the representative of the Customs Broker at M/s CWC CFS (M/s Speedy Multimodes Ltd.). The representative samples were sent to Central Excise and Customs Laboratory (CECL), Vadodara for testing of the same. The Central Excise and Customs Laboratory (CECL), Vadodara submitted their test reports dated 27.09.2024 and in respect of all the samples, on the basis of the tested parameters by the CECL Vadodara, stated that "***On the basis of above tested parameters, the sample u/r meets the requirements of Distillate Marine Fuels as per IS:16731:2019 and also meets the requirements of High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018.***" As mentioned above in para 3.2, the parameters of imported goods very much align to ***IS 16861 i.e. "High Speed Diesel Fuel conforming to standard IS 16861"*** and imported goods are actually classifiable under HS Code 27101949 rather than 27101961. It appears that the importer was using

loophole of some overlapping parameters/specifications of ***IS 16861:2018*** and ***IS 16731:2019 (equivalent to ISO 8217 : 2017).*** As per Schedule 1 Import Policy under ITC(HS), 2022 for Chapter-27 (Mineral Fuels, Mineral Oils, etc.), import of "***High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018***" covered under CTH 27101949, 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. "***High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018***" by mis-declaring the same as 'Distillate Oil' under the said consignment. 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, vide Seizure Memo dated **16.10.2024.**

5.2 The Central Excise and Customs Laboratory (CECL), Vadodara test results revealed significant discrepancies between the declared and actual declared specifications of the imported goods.

5.3 The importer claimed that **'Distillate Oil'** is used in the paint industry. However, a review of various open-source literatures indicates that such imported goods i.e. 'High Flash High Speed Diesel Fuel (HFHSD)' has no known application in the paint industry, where only **solvents** are typically used. Furthermore, the importer has not provided any supporting documents to substantiate the claimed end use of the product. From the above, it is evident that the said imported goods i.e. 'High Flash High Speed Diesel Fuel (HFHSD)' are neither used nor intended for use in the paint industry. The classification of the product as **'Distillate Oil'** raises suspicion that the importer may be exploiting overlapping parameters/specifications between **IS 16861:2018** and **IS 16731:2019 (equivalent to ISO 8217:2017)** to circumvent regulations.

5.4 Documents submitted by the overseas supplier through M/s Everbridge Logistics Pvt. Ltd. for the declarations made at overseas, were found to be falsified. The discrepancies were brought to the attention of importer, particularly the absence of HS Code 2710 1961 in the Sharjah Customs HS Code List but appearing the declaration given to Federal Customs Authority (Sharjah Ports, Customs and Free Zone Authority), which clearly indicated that the overseas declaration had been forged to support his claim. However, when asked to provide any credible supporting evidence, the importer failed to do so and merely stated that the supplier was not responding to them. From the above, it is evident that the imported goods were classified in overseas documents under

some other HS code which were actually of 'Restricted' category as per ITC (HS), 2022 and to hide the facts, the actual and correct overseas declaration has not been presented before the authorities.

5.5 During the course of the investigation, statements from key individuals involved in the imports were recorded. Upon being presented with the CECL test results, both the Directors of M/s Hemraj Petrochem Private Limited acknowledged the laboratory's findings. However, when asked to provide any supporting evidence—such as emails, chat records, or messages—confirming that M/s Hemraj Petrochem Private Limited had contacted the supplier upon discovering the misdeclaration or invalid HS Code, they failed to present any proof. This indicates that the importer was fully aware of the nature of the 'Restricted' goods and had deliberately imported them in collusion with the supplier. Had the DRI not intervened, these 'Restricted' goods could have been cleared for consumption within Indian territory.

5.6 From the investigation carried out by the DRI, it has been revealed that the imported goods covered under Bill of Entry No. 5020654 dated 12.08.2024 filed at Mundra, were mis-declared by M/s. Hemraj Petrochem Private Limited to circumvent import restrictions. No any supporting evidence—such as emails, chat records, or messages—confirming that M/s Hemraj Petrochem Private Limited had contacted the supplier upon discovering the misdeclaration or invalid HS Code were provided.

6. Relevant Legal provisions:

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

"(5) Import allowed through IOC subject to Para 2.20 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"

6.2 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.

6.3 Relevant Sections of the Customs Act, 1962 :

SECTION 112 of the Customs Acts. Penalty for improper importation of goods, etc.*- Any person, -*

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

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

shall be liable, -

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

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

Provided *that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined;*

(iii) in the case of goods in respect of which the value stated in the entry made under this Act or in the case of baggage, in the declaration made under section 77 (in either case hereafter in this section referred to as the declared value) is higher than the value thereof, to a penalty not exceeding the difference between the declared value and the value thereof or five thousand rupees, whichever is the greater;

(iv) in the case of goods falling both under clauses (i) and (iii), to a penalty not exceeding the value of the goods or the difference between the declared value and the value thereof or five thousand rupees, whichever is the highest;

(v) in the case of goods falling both under clauses (ii) and (iii), to a penalty not exceeding the duty sought to be evaded on such goods or the difference between the declared value and the value thereof or five thousand rupees, whichever is the highest.

SECTION 114AA. Penalty for use of false and incorrect material. *- If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.*

6.4 Import of "***High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018***" into India is subject to Policy Condition No. 5 of Chapter 27 of Customs Tariff, which is produced above, therefore, the importer has violated the provisions of import of the said imported goods, since the importer is not an STE and neither possesses a license to import the same. Therefore, it appears that the importer has violated the provisions of the Customs Act, 1962, 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.

7.3 On going through the import data for the said period, it was found that value of the import goods declared as 'Diesel Oil/Gas Oil' under CTH 27101949 was available. It was noticed that the import value of such import goods, was declared to be **USD 1.07 USD/LTR** during relevant period (Rs. 90.52/LTR as per exchange rate of Rs. 84.6 Per USD). Thus, as per Rule 4 of CVR, 2007, the same value can be taken for the offending goods in this case.

7.4 As per the facts discussed in foregoing paras, the consignment imported in this case vide aforesaid Bill of Entry 5020654 dated 12.08.2024 was reported to be "***High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018***" 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. "***High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018***" since the goods is mis-declared in the BE. In view of these facts, the declared value of **Rs. 88,72,236/-,** 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.

7.5 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 given in the Valuation Rules, import data of the identical goods imported under CTH 27101949 was referred, and it was noticed that the import price of such goods, covered under CTH 27101949 was found to be **USD 1.07 USD/LTR** during relevant period (Rs. 90.522/LTR as per exchange rate of Rs. 84.6 Per USD), during the said period, while the declared value of the import consignment was around 2.388 AED/KGS (approx. Rs. 56.14/KGS). Accordingly, the re-determined value of the consignment as per the said import data, of "***High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018***", having total quantity of 158.05 MT "***High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018***" i.e. 158050 KGS i.e. 190422 LTR (Using average density of 0.83 as

reported by CECL), is **Rs. 1,72,37,380/-**, in terms of provisions of Rule 4 (Transaction value of identical goods), of the CVR, 2007.

8. <u>Confiscation of the goods</u>:

8.1 M/s Hemraj Petrochem Private Limited, New Delhi imported a consignment, covered under Bill of Entry No. 5020654 dated 12.08.2024 filed at Mundra, which was declared as "Distillate Oil," classified under CTH 27101961. On testing of the samples drawn from the said consignment, the import goods were found to be "***High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018***", falling under CTH 27101949. Therefore, the said mis-declared goods having declared value of **Rs. 88,72,236/-** and re-determined value of **Rs. 1,72,37,380/-**, appear to be liable for confiscation under Section 111(f), 111(l) and 111(m) of the Customs Act, 1962.

8.2 Further, import of "***High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018***", 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. Therefore, it appeared that said importer has imported restricted goods i.e. "***High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018***" by mis-declaring the same as "Distillate Oil" under the said consignment, Therefore the said goods having declared value of **Rs. 88,72,236/-** and re-determined value of **Rs. 1,72,37,380/-**, appear to be liable for confiscation under Section 111(d) of the Customs Act, 1962.

9. Role played by M/s Hemraj Petrochem Private Limited (IEC: AAFCH7048R), 'No. 2/53 B, G.F, Shop No. 3, North Avenue Road, Punjabi Bagh, West Delhi-110026' (Importer) :

M/s. Hemraj Petrochem Private Limited imported a consignment, covered under Bill of Entry No. 5020654 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 "***High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018***", which was '***Restricted***' for import into India and only allowed to be imported as per Policy Condition No. 5 of the Customs Tariff. During the investigation, the discrepancies were brought to attention of importers, particularly the absence of HS Code 2710 1961 in the Sharjah Customs HS Code List but appearing the declaration given to Federal Customs

Authority (Sharjah Ports, Customs and Free Zone Authority), which clearly indicated that the overseas declaration had been forged to support his claim. Further, another fake declaration of Dubai Customs was also submitted without any signature/stamps which was also containing same HS code 2710 1961. However, when asked to provide any credible supporting evidence, the importer failed to do so and merely stated that the supplier was not responding to him. From the investigation carried out by the DRI, it was revealed that the imported goods covered under Bill of Entry No. 5020654 dated 12.08.2024 filed at Mundra, were mis-declared by M/s. Hemraj Petrochem Private Limited to circumvent import restrictions. No any supporting evidence—such as emails, chat records, or messages—confirming that M/s Hemraj Petrochem Private Limited had contacted the supplier upon discovering the misdeclaration or invalid HS Code were provided by any of the directors. Therefore, it appears that M/s. Hemraj Petrochem Private Limited, 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(d), 111(f), 111(l) and 111(m) of the Customs Act, 1962. Therefore, M/s Hemraj Petrochem Private Limited have made themselves liable for penalty under Section 112(a) and 112(b) of the Customs Act, 1962. Furthermore, M/s Hemraj Petrochem Private Limited 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 Hemraj Petrochem Private Limited are also liable for penalty under Section 114AA of the Customs Act, 1962.

10. Accordingly, Show Cause Notice F.No. GEN/ADJ/ADC/430/2025-Adjn-O/o Pr. Commr-Cus-Mundra dated 10.02.2025 issued to M/s. Hemraj Petrochem Private Limited (IEC: AAFCH7048R), wherein they were 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. 5020654 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 'High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018' under CTH 27101949.

(ii) The declared value of the said goods declared as 'Distillate Oil', as **Rs. 88,72,236/-** should not be rejected in terms of Rule 12 of the CVR, 2007 and the same should not be re-determined as **Rs. 1,72,37,380/-,** in terms of provisions of Rule 4 (Transaction value of identical goods), of the CVR, 2007

(iii) The goods declared as 'Distillate Oil', under the Bill of Entry No. 5020654 dated 12.08.2024 filed at Mundra Port, should not be held liable for confiscation under Section 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), and114AA of the Customs Act, 1962, separately.

11. Written Submissions:-

11.1 M/s. Hemraj Petrochem Private Limited (IEC: AAFCH7048R) vide their letter dated NIL, submitted in this office on 16.12.2025, *inter alia*, submitted that:-

(i) The imported goods under Bill of Entry No. 5020654 dated 12.08.2024 were correctly declared as "Distillate Oil" under CTH 27101961. The overseas supplier's invoice, packing list and other commercial documents also describe the product as Distillate Oil only.

(ii) The noticee requested to obtain a clarification from the concerned laboratory regarding the test report for the sample under bill of entry no. 5020654 dated 12.08.2024.

(iii) The impugned Show Cause Notice is based solely on the test reports (08 in number) issued by CECL, Vadodara. The said reports clearly state that the samples **meet the requirements of both**:

- Distillate Marine Fuel as per IS:16731:2019 (equivalent to ISO 8217:2017), **and**
- High Flash High Speed Diesel Fuel (HFHSD) as per IS:16861:2018.

(iv) The laboratory has thus confirmed that the goods are Distillate Marine Fuel. The Notice, however, proceeds on the assumption that the parameters align "more" with HFHSD without any opinion from the laboratory that the product must be classified as HFHSD.

(v) Rule 3(c) of the said rules which stipulates that when goods cannot be classified by reference to (a) and (b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration.

11.2 Further, Importer vide their **email dated 13.04.2026**, inter-alia submitted that as they have already complied with all required procedures, including submission of a detailed reply to the Show Cause Notice (SCN) and attending the Personal Hearing as scheduled, they requested to expedite the matter and grant immediate release of the consignment.

11.3 Importer vide their letter dated 11.06.2026 submitted that **they are willing to re-export** the above-mentioned goods back to the supplier. Therefore, they requested to **grant permission for re-export of the goods.** They further requested to decide the case on merit cases.

PERSONAL HEARING

12. In compliance with the principles of natural justice, M/s. Hemraj Petrochem Private Limited was granted opportunities for a personal hearing on 08.05.2025, 02.07.2025 and 14.10.2025.

Availing the opportunity, Shri Anish Arora appeared for the personal hearing on behalf of M/s. Hemraj Petrochem Private Limited on 02.07.2025. During the course of the hearing, he requested that clarification be sought from CECL, Vadodara, as the test report of the sample drawn indicates that the product meets the specifications for Distillate Marine Fuels as per IS 16731:2019, and also conforms to the requirements of HFHS Fuel as per IS 16861:2018. He further requested that the goods be released in case the test report is confirmed to meet the specifications under IS 16731:2019 (Distillate Marine Fuels).

DISCUSSIONS AND FINDINGS

13. I have carefully gone through the facts of the case, Show Cause Notice dated 10.02.2025 and the noticee's submissions both, in written and in person. I find that in the present case, principle of natural justice have been complied with and therefore, I proceed to decide the case on the basis of applicable laws/rules, written submissions and documentary evidences available on record.

14. I now proceed to frame the issues to be decided in the instant SCN before me. On a careful perusal of the subject Show Cause Notice and case records, I find that following main issues are involved in this case, which are required to be decided at the stage of adjudication: -

(i) Whether the impugned goods under Bill of Entry No. 5020654 dated 12.08.2024 are liable to be re-classified as 'High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018' under CTH 27101949 or otherwise.

(ii) Whether the declared value of the goods as Rs. 88,72,236/- is liable to rejected and re-determined as Rs. 1,72,37,380/-, in terms of provisions of Rule 4 of the CVR, 2007 or otherwise.

(iii) Whether the goods declared as 'Distillate Oil', under the Bill of Entry No. 5020654 dated 12.08.2024 are liable for confiscation under Section 111(d), 111(f), 111(l) and 111(m) of the Customs Act, 1962 or otherwise.

(iv) Whether the Importer is liable for penalty under Sections 112(a), 112(b), and114AA of the Customs Act, 1962 or otherwise.

15.1 I find that the Importer M/s. Hemraj Petrochem Private Limited filed Bill of Entry No. 5020654 dated 12.08.2024 at Mundra Port declaring the description of the goods as 'Distillate Oil' and classified the goods under CTI 27101961. During examination sample were drawn from the 8 Containers covered under the subject Bill of Entry and sample were sent to Central Excise and Customs Laboratory (CECL), Vadodara for testing of the same. The Central Excise and Customs Laboratory (CECL), Vadodara submitted their test reports dated 27.09.2024 in respect of the said 08 samples and indicated that "***On the basis of above tested parameters, the sample u/r meets the requirements of Distillate Marine Fuels as per IS:16731:2019 and also meets the requirements of High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018.***" The test report dated 27.09.2024 reproduced as below:-

"On the basis of above tested parameters, the sample u/r meets the requirements Of Distillate Marine Fuels as per IS:16731:2019 and also meets the requirements Of High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018."

"The sample u/r does not meet the requirement of light oil and preparation solvent 60/80, 50/120, 145/205, 125/240 as (IS: 1745:2018), Kerosene (IS: 1459:2018, 1571:2018), Gas Oil (IS: 17789:2022), vacuum GAs oil, (IS: 17792:2022), Kerosene Intermediate (IS: 17793:2022)".

15.2 I have carefully examined the test reports issued by the Central Excise and Customs Laboratory (CECL), Vadodara, in respect of all the 08 representative samples drawn from the 08 containers covered under Bill of Entry No. 5020654 dated 12.08.2024. It is evident on record that the CECL has categorically certified in every report that the samples meet the requirements of Distillate Marine Fuels as per IS

16731:2019 (equivalent to ISO 8217:2017) and also meet the requirements of High Flash High Speed Diesel Fuel (HFHSD) as per IS 16861:2018. I find that the CECL test reports are consistent across all 8 samples and establish the following key factual findings which are relevant for classification:

(i) The goods do not meet the requirements of any of the other petroleum product standards tested — namely Kerosene, Gas Oil, Vacuum Gas Oil, Kerosene Intermediate and solvent preparations. Among all the petroleum product standards tested by CECL, the goods meet only two standards — IS 16731:2019 (Distillate Marine Fuels) and IS 16861:2018 (HFHSD).

(ii) The Noticee has relied upon the CECL finding that the goods meet IS 16731:2019 to argue that the correct classification is CTH 27101961 (Distillate Marine Fuels). However, I find that this argument selectively relies on only one part of the CECL opinion while ignoring the equally explicit certification that the goods also meet IS 16861:2018 (HFHSD). The CECL test reports do not express any preference between the two standards — they certify conformance to both equally. The resolution of this dual conformance for the purpose of classification cannot be achieved by simply choosing the freely importable heading while ignoring the restricted one. It requires a detailed examination of the parameters tested vis-à-vis the specifications of each standard — which I have undertaken in the succeeding paras.

(iii) I note that the tested parameters reported by CECL — density at 15°C (approximately 0.83 g/ml), flash point (approximately 70°C), kinematic viscosity at 40°C (approximately 3.0 cSt) and distillation range — when compared against the two competing IS standards, align more specifically and precisely with IS 16861:2018 (HFHSD) than with IS 16731:2019 (Distillate Marine Fuels / ISO 8217:2017) for the following reasons:

- The **density** of approximately 0.83 g/ml is well within the tighter IS 16861:2018 limit (max 0.860 g/ml) and considerably below the wider ISO 8217:2017 limit (max 0.890 g/ml). The goods specifically meet the more restrictive HFHSD density standard.
- The **flash point** of approximately 70°C closely aligns with the IS 16861:2018 minimum (66°C) rather than the ISO 8217:2017 minimum (60°C). The goods precisely satisfy the HFHSD flash point requirement — not merely the wider marine fuel floor.

- The **kinematic viscosity at 40°C** (approximately 3.0 cSt) is a parameter specified in IS 16861:2018 (range 2.0 to 4.5 cSt). Significantly, ISO 8217:2017 / IS 16731:2019 does not specify kinematic viscosity at 40°C at all. The fact that CECL has tested and reported this parameter — and that it falls within the IS 16861:2018 specification — is itself indicative that the goods conform to the HFHSD standard in a parameter where the Distillate Marine Fuel standard provides no corresponding specification.
- The **distillation range** is similarly a parameter specified in IS 16861:2018 but not in ISO 8217:2017 / IS 16731:2019. The goods meeting the distillation range requirement of IS 16861:2018 in a parameter absent from the competing standard further confirms the specific conformance of the goods to HFHSD.

(iv) From the above analysis, I find that the goods satisfy IS 16731:2019 (Distillate Marine Fuels) only because the said standard has broader and more permissive limits that are incidentally encompassed by the goods' parameters. The goods, however, specifically and precisely conform to IS 16861:2018 (HFHSD) — including in parameters where IS 16731:2019 provides no specification at all. The goods thus most specifically and precisely conform to IS 16861:2018 (HFHSD), and their classification under CTH 27101949 is accordingly established.

15.3 I further find that the Noticee's claim that the goods are 'Distillate Oil' used in the paint industry is not supported by any documentary evidence. As established during investigation and noted in Para 5.3 of the Brief Facts, HFHSD has no known application in the paint industry where solvents are typically used. The importer has not produced any purchase orders from buyers, end-use certificates, technical specifications, or any other documentary evidence whatsoever to substantiate the claimed industrial use of the product in the paint industry. This complete absence of end-use evidence further confirms that the declaration of the goods as 'Distillate Oil' for use in the paint industry is not genuine.

15.4 I further find that the fabricated nature of the overseas shipping documents is an additional and highly incriminating indicator of the malafide intent behind this import. The HS Code 27101961 — as declared by the importer in the Bill of Entry — does not exist in the Sharjah Customs HS Code list, yet the Sharjah Customs declaration submitted by the importer shows this very non-existent HS Code. The goods description and HS Code in the Sharjah Customs declaration received on 18.09.2024 appear to have been rewritten/manipulated. A separate Dubai Customs declaration submitted on

27.09.2024, also bearing the same non-existent HS Code, is unsigned and unstamped — raising grave doubts about its authenticity. Both Directors of the importer company — Shri Atul Arora and Shri Anish Arora — admitted in their statements that they had no knowledge of these discrepancies, could not provide any explanation for the non-existence of the declared HS Code in Sharjah Customs, and could not produce any contact with the supplier — whether by email, chat, WhatsApp or otherwise — to establish that they had ordered 'Distillate Oil' or that wrong goods were shipped. The complete inability to produce any pre-shipment order or post-shipment protest communication with the supplier conclusively establishes that the declaration of the goods as 'Distillate Oil' was a conscious and deliberate misdeclaration made in collusion with the overseas supplier to circumvent the import restrictions applicable to HFHSD.

15.5 In view of the above findings, I find that the declared classification of the goods as 'Distillate Oil' under CTH 27101961 is incorrect and is rejected. The goods are correctly classifiable as "**High Flash High Speed Diesel Fuel (HFHSD) conforming to IS 16861:2018**" under **CTH 27101949**. The relevant description of 27101949 as per Customs Tariff Act'1975 are as below:

2710 19 43	---- Light diesel oil conforming to standard IS 15770	kg.	10.00	5.00	---	18.00	0.50	24.490	State Trading Enterprises	*Chapter 27 Import as per Policy Condition (5) of Chapter 27 SWS - 3% by Ntfn 12/2018-Cus.*
2710 19 44	---- Automotive diesel fuel, not containing biodiesel, conforming to standard IS 1460	kg.	10.00	5.00	---	14% + Rs. 15 per litre	0.15		State Trading Enterprises	*Import as per Policy Condition (5) of Chapter 27 SWS - 3% by Ntfn*
2710 19 49	---- High flash high speed diesel fuel conforming to standard IS 16861	kg.	10.00	5.00	---	14% + Rs. 15 per litre	0.15		State Trading Enterprises	*Import as per Policy Condition (5) of Chapter 27 SWS - 3% by Ntfn*

Chapter Heading 27101949

15.6. 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 *"Gas oil and oils obtained from gas oil:---- High Flash High-Speed Diesel fuel conforming to standard 16861"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:

7101949	---	Gas oil and oils obtained from gas oil: ---- High flash high speed diesel fuel conforming to standard IS 16861	State Trading Enterprise	Import as per Policy Condition (5) of Chapter 27.

Product Description and Import Policy

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

Policy Condition (5) of Chapter 27 of ITC (HS) Import Policy

15.7 Policy Condition (5) of Chapter 27 of ITC (HS) Import Policy: As per Policy Condition 5 of Chapter 27, only State Trade enterprises can import the said goods. The said policy was amended by Notification No. 27/2015-2020 dated 16.09.2021. The same is produced below:

Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade

Notification No.27/2015-2020
New Delhi, Dated: 16th September, 2021

Subject: Amendment of policy condition no. 5 of Chapter 27 of ITC (HS), 2017, Schedule – I (Import Policy).

S.O.(E): In exercise of powers conferred by Section 3 read with Section 5 of FT (D&R) Act, 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government hereby amends policy condition no.5 of Chapter 27 of ITC (HS), 2017, Schedule – I (Import Policy) as under:

Existing Policy Condition	Revised Policy Condition
Import allowed through IOC subject to para 2.20 of Foreign Trade Policy, except for the companies who have been granted rights for marketing of transportation fuels in terms of Ministry of P and 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.	Import allowed through IOC subject to para 2.20 of Foreign Trade Policy, except for the companies who have been granted rights for marketing of transportation fuels in terms of MoP&NG Resolution No. P-23015/1/2001-MKT dated 08.03.2002 for products excluding gasoline conforming to standard IS 2796 (ITC HS Code: 27101241) and Automotive diesel fuel, not containing biodiesel, 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".

2. **Effect of the Notification:** Policy condition no.5 of Chapter 27 of ITC (HS), 2017, Schedule – I (Import Policy) amended in terms of Government Resolution No. P-12029(11)/2/2018-OMC-PNG dated 08.11.2019.

15.8 From above, it is seen that import of restricted goods is allowed subject to para 2.20 of Foreign Trade Policy (now para 2.21 of FTP) and the same is produced below:

"2.20 State Trading Enterprises (STEs)

(a) State Trading Enterprises (STEs) are governmental and nongovernmental 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 to compete for participation in such purchases or sales.

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

15.9 I find that in the instant case, the importer M/s. Hemraj Petrochem Private Limited, is neither a STE (State Trading Enterprise) nor any authorization has been granted by DGFT to the Importer for import of said restricted goods.

16. VALUATION:

16.1 I find that the declared assessable value of **Rs. 88,72,236/- (Rupees Eighty Eight Lakh Seventy Two Thousand Two Hundred and Thirty Six Only)** in Bill of Entry No. 5020654 dated 12.08.2024 cannot be accepted as the true and correct transactional value of the subject goods, since the goods have been found to be mis-declared in respect of description and classification. The declared invoice value pertains to 'Distillate Oil' and not to the goods actually found to be 'High Flash High Speed Diesel Fuel (HFHSD) conforming to IS 16861:2018' classifiable under CTH 27101949. In terms of Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 read with Section 14 of the Customs Act, 1962, the declared value is accordingly rejected and the assessable value is required to be re-determined by proceeding sequentially through Rules 3 to 9 of the CVR, 2007.

16.2 I find that since the goods were mis-declared and are restricted goods, exact comparative import data for the actual goods i.e. HFHSD under CTH 27101949 is not readily available for application of Rule 3 of the CVR 2007. However, import data for identical goods declared as 'Diesel Oil/Gas Oil' under CTH 27101949 was available for the relevant period. In terms of **Rule 4 (Transaction Value of Identical Goods)** of the CVR, 2007, the value of the import goods covered under CTH 27101949 was found to be **USD 1.07 per Litre** during the relevant period, which translates to **Rs. 90.522/- per Litre** at the exchange rate of Rs. 84.6 per USD as per the applicable Exchange Rate Notification.

16.3 The total quantity of the subject goods is **158.05 MTs (158,050 Kgs)** which is equivalent to **1,90,422 Litres** using the average density of 0.83 g/ml as reported by CECL Vadodara. Accordingly, the re-determined assessable value of the subject goods works out to **Rs. 1,72,37,380/- (Rupees One Crore Seventy Two Lakh Thirty Seven**

Thousand Three Hundred and Eighty Only) [i.e. 1,90,422 Ltrs × Rs. 90.522/- per Litre]. I find that this re-determined value of **Rs. 1,72,37,380/-** is fair, reasonable and based on objective data available on record, and is accordingly adopted as the assessable value for the purpose of this Order.

17. I find that the provisions of Section 17(1) of the Customs Act, 1962 read with Section 2(2) of the Customs Act, 1962 and CBIC Circular No. 17/2011-Customs dated 08.04.2011 lay down the 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, I find that M/s. Hemraj Petrochem Private Limited has violated the provisions of the said Section 17(1) read with Section 2(2) of the Customs Act, 1962. Further, in terms of Section 46(4) of the Customs Act, 1962, the importer has to certify the truth of the contents of the Bill of Entry. Further, in terms of Section 46(4A) of the Customs Act, 1962, the importer who presents a Bill of Entry shall ensure the accuracy and completeness of the information given therein, shall ensure the authenticity and validity of any document supporting it, and shall ensure compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.

In the instant case, I find that M/s. Hemraj Petrochem Private Limited filed Bill of Entry No. 5020654 dated 12.08.2024 at Mundra Port declaring the goods as 'Distillate Oil' under CTH 27101961, whereas the goods have been found to be 'High Flash High Speed Diesel Fuel (HFHSD) conforming to IS 16861:2018' classifiable under CTH 27101949 — a restricted item under Policy Condition No. 5 of Chapter 27 of ITC(HS), 2022, importable only by STEs. The overseas shipping documents submitted in support of the Bill of Entry have been found to be fabricated/manipulated — bearing a non-existent HS Code in Sharjah Customs and lacking proper authentication in the Dubai Customs declaration. Both Directors of the importer failed to produce any pre-order documentation, buyer-seller agreement, email or chat evidence showing that they ordered 'Distillate Oil' or that they protested upon receiving wrong goods. Thus, in view of the facts discussed in the foregoing paras and material evidence available on records, I find that the importer has contravened the provisions of Section 46(4) and 46(4A) of the Customs Act, 1962, inasmuch as they had intentionally mis-declared the description

and classification of the goods imported by them with a malafide intention to import restricted goods under the garb and guise of a freely importable item.

18. CONFISCATION OF GOODS:

18.1 I find that the Show Cause Notice has proposed confiscation of the impugned goods under Sections 111(d), 111(f), 111(l) and 111(m) of the Customs Act, 1962. The relevant legal provisions are reproduced below:

> *"(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;*
> *(f) any dutiable or prohibited goods required to be mentioned under the regulations in an arrival manifest, import manifest or import report which are not so mentioned;*
> *(l) any dutiable or prohibited goods which are not included or are in excess of those included in the entry made under this Act, or in the case of baggage in the declaration made under section 77;*
> *(m) any goods which do not correspond in respect of value or in any other particular with the entry made under this Act or in the case of baggage with the declaration made under section 77 in respect thereof, or in the case of goods under transhipment, with the declaration for transhipment referred to in the proviso to sub-section (1) of section 54."*

18.2 I find that M/s. Hemraj Petrochem Private Limited filed Bill of Entry No. 5020654 dated 12.08.2024 at Mundra Port declaring the goods as 'Distillate Oil' under CTH 27101961, whereas the goods on testing by CECL Vadodara (Test Reports dated 27.09.2024) were found to be 'High Flash High Speed Diesel Fuel (HFHSD) conforming to IS 16861:2018' classifiable under CTH 27101949. The goods are **restricted** goods under Policy Condition No. 5 of Chapter 27 of ITC(HS), 2022 and can be imported only by State Trading Enterprises (STEs) or entities specifically authorized by DGFT. M/s. Hemraj Petrochem Private Limited is neither an STE nor does it possess any such authorization from DGFT. The overseas shipping documents were found to be fabricated — bearing a non-existent HS Code — conclusively establishing that the mis-declaration was deliberate and premeditated. The goods are therefore liable for confiscation under **Section 111(d)** of the Customs Act, 1962.

18.3 I further find that the goods were not correctly mentioned in the Import Manifest/IGM — having been declared as 'Distillate Oil' under CTH 27101961 when the actual goods are 'High Flash High Speed Diesel Fuel (HFHSD)' under CTH 27101949. The import manifest did not correctly describe the actual nature, description and classification of the goods. The goods are therefore liable for confiscation under **Section 111(f)** of the Customs Act, 1962.

18.4 I further find that the goods covered under Bill of Entry No. 5020654 dated 12.08.2024 do not correspond in the following material particulars with the entry made: description (declared as 'Distillate Oil'; actual HFHSD), classification (declared CTH 27101961; actual CTH 27101949) and value (declared value Rs. 88,72,236/-; re-determined value Rs. 1,72,37,380/-). The goods therefore do not correspond in description, classification and value with the entry made under the Act, rendering them liable for confiscation under **Section 111(m)** of the Customs Act, 1962. Further, the goods declared under CTH 27101961 (Distillate Oil) are not the same as the goods actually found i.e. HFHSD under CTH 27101949 — the actual goods were not included in the entry made, making them also liable for confiscation under **Section 111(l)** of the Customs Act, 1962.

18.5 Accordingly, in the manner as discussed above and in contravention of Section 17(1), Section 46(4) and 46(4A) of the Customs Act, 1962, I find that the said acts of omission and commission on the part of the importer have made the imported goods i.e. **158.05 MTs (158,050 Kgs) of High Flash High Speed Diesel Fuel (HFHSD) conforming to IS 16861:2018** imported vide Bill of Entry No. 5020654 dated 12.08.2024 in 8 containers, having declared value of **Rs. 88,72,236/-** and re-determined assessable value of **Rs. 1,72,37,380/- (Rupees One Crore Seventy Two Lakh Thirty Seven Thousand Three Hundred and Eighty Only)**, liable for confiscation under Section 111(d), 111(f), 111(l) and 111(m) of the Customs Act, 1962.

19. IMPOSITION OF REDEMPTION FINE IN LIEU OF CONFISCATION UNDER SECTION 125 OF THE CUSTOMS ACT, 1962:

19.1 As the impugned goods have been held liable for confiscation under Sections 111(d), 111(f), 111(l) and 111(m) of the Customs Act, 1962, I now proceed to consider whether an option to redeem the goods on payment of redemption fine under Section 125 of the Customs Act, 1962 should be given to the importer.

19.2 Section 125(1) of the Customs Act, 1962 reads as under:

> *"Section 125. Option to pay fine in lieu of confiscation.—(1) Whenever confiscation of any goods is authorised by this Act, the officer adjudging it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force, and shall, in the case of any other goods, give to the owner of the goods … an option to pay in lieu of confiscation such fine as the said officer thinks fit."*

19.3 A plain reading of the above provision shows that in the case of prohibited/restricted goods, the adjudicating officer may give the option of redemption fine — it is a discretion, not a mandate. In the present case, the goods i.e. HFHSD are restricted/prohibited in nature for the importer (non-STE) and have been imported in violation of Policy Condition No. 5 of Chapter 27. Therefore, the goods are not fit for clearance for home consumption.

19.4 During the adjudication proceedings, M/s. Hemraj Petrochem Private Limited vide their letter dated 11.06.2026 have stated that they are willing to re-export the above mentioned goods back to the supplier and have requested permission for re-export. They have also requested that the case be decided on merits. I observe that redemption is not a right but a discretion to be exercised by the Adjudication Authority. In the instant case, the goods were found to be in non-compliance of the policy conditions. I observe that their re-export shall not jeopardize any parameter detailed for prohibition. Thus, I offer the Importer an option to redeem the goods for **re-export purpose only**, upon payment of redemption fine, subject to payment of applicable charges, if any, and compliance with any procedural and regulatory requirements.

DISCUSSION ON IMPOSITION OF PENALTY ON NOTICEE

20. Penalty on M/s. Hemraj Petrochem Private Limited (Importer):

20.1 I find that M/s. Hemraj Petrochem Private Limited filed Bill of Entry No. 5020654 dated 12.08.2024 at Mundra Port declaring the goods as 'Distillate Oil' classifiable under CTH 27101961 (Free), whereas the goods on testing by CECL Vadodara were found to be 'High Flash High Speed Diesel Fuel (HFHSD) conforming to IS 16861:2018' classifiable under CTH 27101949, which is a restricted item under Policy Condition No. 5 of Chapter 27 of ITC(HS), 2022 and can be imported only by State Trading Enterprises. Hence, the

imported goods were mis-declared by the importer with respect to description, classification and import policy status to circumvent the import policy.

20.2 I have considered the written submissions filed by M/s. Hemraj Petrochem Private Limited and the personal hearing submissions of Shri Anish Arora dated 02.07.2025. The Noticee has primarily contended that:

(a) The CECL test report itself confirms that the goods meet the specifications of Distillate Marine Fuels as per IS 16731:2019, and therefore the goods should be classified thereunder; and
(b) GIR Rule 3(c) should be applied — last in numerical order — which would result in classification under CTH 27101961.

These submissions have been carefully examined and rejected for the following reasons:

(i) **CECL test report — dual opinion**: The CECL test report states that the goods meet both IS 16731:2019 and IS 16861:2018. However, as discussed in detail in Paras 15.3 to 15.7 above, the specific parameters — density, flash point, kinematic viscosity and distillation range — all align precisely with the tighter and more specific requirements of IS 16861:2018 (HFHSD). The goods merely satisfy the wider limits of IS 16731:2019 incidentally because the Distillate Marine Fuel standard is broader. The same CECL report also specifically certifies that the goods do not meet the requirements of Gas Oil (IS 17789:2022), Kerosene (IS 1459:2018), Kerosene Intermediate (IS 17793:2022) and other petroleum products — establishing that among petroleum products, the goods specifically and most precisely conform to HFHSD under IS 16861:2018.

(ii) **GIR Rule 3(c) argument**: The Noticee itself has cited GIR Rule 3(c) as the applicable rule. However, as explained above, Rule 3(a) applies first — and the heading IS 16861:2018 provides the most specific description of the subject goods. Moreover, even a mechanical application of Rule 3(c) — last in numerical order between CTH 27101949 and CTH 27101961 — would result in CTH 27101961, which is the declared (freely importable) heading. The Noticee cannot selectively use Rule 3(c) to classify the goods as Distillate Marine Fuel for policy compliance purposes when the specific parameters, end use, and all other evidence point overwhelmingly to HFHSD.

(iii) **No end-use evidence**: The importer claimed the goods were 'Distillate Oil' for use in the paint industry but failed to produce any purchase orders, buyer correspondence,

end-use certificates or technical specifications from any paint manufacturer. HFHSD is not a recognized paint industry raw material. The complete absence of any end-use documentation fatally undermines this defence.

(iv) **Fabricated overseas documents**: The overseas shipping documents bearing a non-existent HS Code (27101961) in Sharjah Customs, and an unsigned/unstamped Dubai Customs declaration, conclusively establish that the importer was in collusion with the overseas supplier in creating false documents to support a false declaration. A bona fide importer who genuinely ordered Distillate Oil and received the wrong goods would have immediately protested to the supplier by email, sought a replacement, and produced all pre-shipment order documentation. Neither director of M/s. Hemraj Petrochem Private Limited — Shri Atul Arora nor Shri Anish Arora — was able to produce a single email, WhatsApp message or written communication with the supplier, either before or after the seizure, despite being repeatedly asked to do so. The statement of Shri Anish Arora that all communication with the overseas supplier was done only telephonically — for a company importing 158 MTs of petroleum products — is wholly implausible and is not accepted.

20.3 I find that M/s. Hemraj Petrochem Private Limited, by deliberately mis-declaring 158.05 MTs of restricted HFHSD as freely importable 'Distillate Oil' with fabricated overseas shipping documents, without DGFT authorization and without compliance with Policy Condition No. 5 of Chapter 27, has committed an act which renders the goods liable to confiscation under Section 111 of the Customs Act, 1962. This act constitutes smuggling as defined under Section 2(39) of the Customs Act, 1962. Accordingly, M/s. Hemraj Petrochem Private Limited has rendered itself liable for penalty under **Section 112(a)(i)** of the Customs Act, 1962.

I find that imposition of penalty under Section 112(a) and 112(b) simultaneously amounts to imposition of double penalty; therefore, I refrain from imposition of penalty under Section 112(b) of the Act.

20.4 Further, M/s. Hemraj Petrochem Private Limited knowingly and intentionally filed the Bill of Entry containing false and incorrect declarations in material particulars namely description, classification and value of goods, and caused to be used fabricated and manipulated overseas shipping documents bearing a non-existent HS Code in Sharjah Customs in support of the false declaration, thereby rendering themselves liable for penalty under **Section 114AA** of the Customs Act, 1962.

21. In view of the aforesaid discussions and findings, I pass the following ORDER:

ORDER

(i) I order to reject the declared classification of the impugned goods i.e. '**High Flash High Speed Diesel Fuel (HFHSD) conforming to IS 16861:2018**' having total quantity of **158.05 MTs** mis-declared as 'Distillate Oil' under Customs Tariff Item **27101961** imported vide Bill of Entry No. 5020654 dated 12.08.2024, and order to re-classify the same under **Customs Tariff Item 27101949**.

(ii) I order to reject the declared assessable value of **Rs. 88,72,236/- (Rupees Eighty Eight Lakh Seventy Two Thousand Two Hundred and Thirty Six Only)** in terms of Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 and re-determine the assessable value of the subject goods as **Rs. 1,72,37,380/- (Rupees One Crore Seventy Two Lakh Thirty Seven Thousand Three Hundred and Eighty Only)** in terms of Rule 4 of the said Rules read with Section 14 of the Customs Act, 1962.

(iii) I order to confiscate the impugned goods i.e. **158.05 MTs of High Flash High Speed Diesel Fuel (HFHSD) conforming to IS 16861:2018** sought to be imported by **M/s. Hemraj Petrochem Private Limited**, in 8 containers pertaining to Bill of Entry No. 5020654 dated 12.08.2024, having re-determined assessable value of **Rs. 1,72,37,380/- (Rupees One Crore Seventy Two Lakh Thirty Seven Thousand Three Hundred and Eighty Only)**, under Sections 111(d), 111(f), 111(l) and 111(m) of the Customs Act, 1962. However, I give an option to the Importer to redeem the goods only for **re-export purpose**, upon payment of Redemption Fine of **Rs. 17,00,000/- (Rupees Seventeen Lakh Only)** under the provisions of Section 125 of the Customs Act, 1962.

(iv) I impose a penalty of **Rs. 8,50,000/- (Rupees Eight Lakh Fifty Thousand Only)** on **M/s. Hemraj Petrochem Private Limited**, under Section 112(a)(i) of the Customs Act, 1962. However, I do not impose penalty under Section 112(b) of the Customs Act, 1962, for the reasons discussed above.

(v) I impose a penalty of **Rs. 1,00,000/- (Rupees One Lakh Only)** on **M/s. Hemraj Petrochem Private Limited**, under Section 114AA of the Customs Act, 1962.

22. This OIO is issued without prejudice to any other action that may be taken against the Noticee under the provisions of the Customs Act, 1962 or rules made thereunder or under any other law for the time being in force.

23. The Show Cause Notice issued vide F. No. GEN/ADJ/ADC/430/2025-Adjn-O/o Pr. Commr-Cus-Mundra dated 10.02.2025 is hereby disposed of on the above terms.

Digitally signed by Dipakbhai Zala
Date: 17-06-2026 11:34:57

DIPAK ZALA

ADDITIONAL COMMISSIONER OF CUSTOMS,

MUNDRA CUSTOMS HOUSE

To,

(1) M/s. Hemraj Petrochem Private Limited (IEC No. AAFCH7048R),
No. 2/53 B, G.F, Shop No. 3, North Avenue Road,
Punjabi Bagh, West Delhi-110026'
(e-mail- ***info@hemrajpetrochem.com***)

Copy to:

1. The Additional Director General, DRI, Ahmedabad
2. The Directorate of Revenue Intelligence, Regional Unit, Gandhidham.
3. The Dy./Asstt. Commissioner (RRA/TRC), Customs House, Mundra.
4. The Dy./Asstt. Commissioner (EDI), Customs House, Mundra… *(with the direction to upload on the official website immediately)*
5. The Dy./Asstt. Commissioner, Group-I/IA, CH, Mundra.