सीमा शुल्क (निवारक) के आयुक्त का कार्यालय
"सीमा शुल्क भवन", विक्टोरिया ब्रिज के पास ,
राजकोट जामनगर हाइवे, जामनगर (गुजरात) – 361001

Office of the Commissioner of Customs (Preventive)
"Seema Shulk Bhavan", Near Victoria Bridge,
Rajkot - Jamnagar Highway, JAMNAGAR (Gujarat) – 361001

ईमेल : commr-custjmr@nic.in; adj-custjmr@nic.in

F. No. CUS/5904/2026-Adjn. Date: 18.06.2026

Show Cause Notice No. ADC-04/2026-27

DIN: 20260671MM0000111BF0

SHOW CAUSE NOTICE

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

BRIEF FACTS OF THE CASE:

Specific intelligence gathered by the Directorate of Revenue Intelligence (hereinafter referred to as 'DRI') indicated that some importers are involved in import of 'Restricted Goods' through mis-declaration of the imported goods as 'Distillate Fuel Oil', General Purpose Thinner etc.. Intelligence further suggested that M/s. Sainath Industrial Fuels Private Limited (hereinafter also referred to as "the Importer"), (IEC-2409004989 / PAN-AAALCS1205P) having business address at 205, Second Floor, Turning Point, Waghawadi Road, Bhavnagar-364002 has imported 'Restricted Goods' and filed 02 Bills of Entry (for Warehousing) viz. BoE No. 7611863 dated 18.02.2026 **(RUD-1)** in respect of Distillate Fuel Oil (SRFO) confirming to IS 16731:2019 (ISO 8217:2017) and BoE No. 7608100 dated 18.02.2026 **(RUD-2)** in respect of General Purpose Thinner confirming to IS 14314 (Industrial Use only) at Pipavav Port (INPAV1). The goods imported vide above two Bills of Entry were stored in 04 different tanks of M/s. IMC Limited, Pipavav. The other details of the said import consignments are as under:

Table-I

BE No. & Date	**BoE No. 7611863 dated 18.02.2026**	**BoE No. 7608100 dated 18.02.2026**
Declared description of the goods (HSN)	Distillate Fuel Oil (SRFO) confirming IS 16731:2019 (ISO 8217:2017)	General Purpose Thinner confirming IS 14314 (Industrial Use only)
Declared Quantity	3206.140 MTS	3027.149 MTS
Total Assessable Value (INR)	13,47,05,620/-	20,34,96,533/-

Customs Broker	Taffrail Marine	Taffrail Marine
Country of Origin	United Arab Emirates (UAE)	United Arab Emirates (UAE)
Port of Loading	Hamriyah Sea Port	Hamriyah Sea Port
Name of the Supplier	Sun Petrochem FZC, Sharjah, UAE	Kleen Lube Refinery LLC, Ras-Al-Khaimah, UAE
Commercial Invoice No. & Date	SP-CI-26-009 dated 12.02.2026.	CI-260001 dated 12.02.2026.
Bill of Lading No. & Date	SIFPL/DFO/HAM-25-1 dated 11.02.2026.	SIFPL/DFO/HAM-25-2 dated 11.02.2026.
Storage Warehouse	IMC Limited	IMC Limited
Storage Warehouse & Tanks	Tank No. T-114 &Tank No. T-302	Tank No. T-104 &Tank No. T-209

2.0 Accordingly, the above said two consignments were put on hold on 26.02.2026 by DRI Jamnagar Regional Unit (under DRI Ahmedabad) for further detailed examination. The sampling of goods covered under the aforesaid two consignments were carried out under Panchnama dated 28.02.2026 **(RUD-3)**. During the said proceedings, 04 (four) representative samples of the imported goods were drawn from each tanks, for testing to ascertain the exact nature of the import goods of the said two consignments. The details of representative samples and Test Memos are as under :-

Table-II

Sr. No.	B/E No. & Date	Description	Sample drawn from (Tank No.)	Sample marked as	Test Memo No. & Date
1	7611863 Dated 18.02.2026	"Distillate Fuel Oil (SRFO) Conforming to IS 16731:2019 (ISO : 8217 : 2017)	T-114	T-114/IMC/X	30/2025-26 Dated 28.02.2026
				T-114/IMC/Y	
				T-114/IMC/Z	
			T-302	T-302/IMC/X	31/2025-26 Dated 28.02.2026
				T-302/IMC/Y	
				T-302/IMC/Z	
2	7608100 Dated 18.02.2026	"General Purpose Thinner confirming IS to IS 14314 (For Industrial Use Only)"	T-104	T-104/IMC/X	32/2025-26 Dated 28.02.2026
				T-104/IMC/Y	
				T-104/IMC/Z	
			T-209	T-209/IMC/X	33/2025-26 Dated 28.02.2026
				T-209/IMC/Y	
				T-209/IMC/Z	

3.0 CHEMICAL ANALYSIS & TEST RESULTS:

The 04 (four) representative samples were sent to CRCL, Visakhapatnam for testing. CRCL, Visakhapatnam submitted their test reports dated 13.03.2026 & 16.03.2026 **(RUD-4)** in respect of the samples of the imported goods, as under:

3.1 TEST REORTS OF DISTILLATE FUEL OIL:

3.1.1 TEST REPORT FOR TEST MEMO NO.30/2025-26:

The CRCL, Visakhapatnam, on the basis of the tested parameters opined that -

"B The sample does not confirm to the specification of declared goods i.e. Distillate Marine Fuel IS 16731.
C The sample meets all the parameters of Automotive Diesel Fuel not containing bio-diesel (IS 1460). The sample also meets all the parameter of HFHSD (IS 16861).
D No adulteration observed."

3.1.2 TEST REPORT FOR TEST MEMO NO. 31 / 2025-26:

The CRCL, Visakhapatnam, on the basis of the tested parameters opined that -

"B The sample does not confirm to the specification of declared goods i.e. Distillate Marine Fuel IS 16731.
C The sample meets all the parameters of Automotive Diesel Fuel not containing bio-diesel (IS 1460). The sample also meets all the parameter of HFHSD (IS 16861).
D No adulteration observed."

3.1.3 As can be seen, in respect of both samples wherein import goods were declared as "Distillate Fuel Oil (IS 16731)", the Chemical Examiner has clearly opined that import goods while failing to conform to the specification of declared goods i.e. "Distillate Fuel Oil (IS 16731)" have instead met all the parameters of "Automotive Diesel Fuel not containing bio-diesel (IS 1460)" and "HFHSD (IS 16861) which was not declared in the import documents.

3.2 TEST REORTS OF GENERAL PURPOSE THINNER:

3.2.1 TEST REPORT FOR TEST MEMO NO. 32 / 2025-26:

The CRCL, Visakhapatnam, on the basis of the tested parameters opined that -

"A The sample is other than General Purpose Thinner confirming to IS 14314:2022, as the sample contains small amount of aromatic hydrocarbons. This does not comply with the description requirement of thinner (General Purpose) IS : 14314, as in the absence of sufficient amount of aromatic content, it will not fulfill the purpose of Thinner.

B The sample does not meet the requirement of Thinner / Solvent of Section VI of CT (3814) as the sample does not contain any non-hydrocarbon additives like Alcohols, Acetates, and Chlorinated Solvents which makes them composite Solvent / Thinner.

The sample meets the specification of Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018. The sample also meets the specification of Kerosene IS:1459. However, the sample is other than HFHSD (IS 16861), Automotive Diesel Fuel (IS 1460), Gas Oil (IS 17789), Vaccum Gas Oil (IS 17921), Motor Spirit/Gasoline (IS 2796, IS 17021, IS 17586, IS 17076) or Light Diesel Oil (IS 15770)."

3.2.2 <u>TEST REPORT FOR TEST MEMO NO. 33 / 2025-26:</u>

The CRCL, Visakhapatnam, on the basis of the tested parameters opined that -

"A The sample is other than General Purpose Thinner confirming to IS 14314:2022, as the sample contains small amount of aromatic hydrocarbons. This does not comply with the description requirement of thinner (General Purpose) IS : 14314, as in the absence of sufficient amount of aromatic content, it will not fulfill the purpose of Thinner.

B The sample does not meet the requirement of Thinner / Solvent of Section VI of CT (3814) as the sample does not contain any non-hydrocarbon additives like Alcohols, Acetates, and Chlorinated Solvents which makes them composite Solvent / Thinner.

The sample also meets the specification of Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018. The sample also meets the specification of Kerosene IS:1459. However, the sample is other than HFHSD (IS 16861), Automotive Diesel Fuel (IS 1460), Gas Oil (IS 17789), Vaccum Gas Oil (IS 17921), Motor Spirit / Gasoline (IS 2796, IS 17021, IS 17586, IS 17076) or Light Diesel Oil (IS 15770)."

3.2.3 As can be seen, in respect of both samples wherein import goods were declared as "General Purpose Thinner (IS 14314)", the Chemical Examiner has clearly opined that import goods while failing to conform to the specification of declared goods i.e. " General Purpose Thinner (IS 14314)" have instead met all the parameters of "Petroleum Hydrocarbon Solvent (125/240) (IS 1745:2018)" and "Kerosene (IS 1459) which was not declared in the import documents.

4.1 SPECIFICATIONS OF AUTOMOTIVE DIESEL FUEL (ADF) NOT CONTAINING BIO-DIESEL (IS 1460) AND HIGH FLASH HIGH SPEED DIESEL (HFHSD ((IS 16861), AS PER BUREAU OF INDIAN STANDARDS (BIS):

4.1.1 The specifications of Automotive Diesel Fuel prescribed under IS 1460:2017 by the Bureau of Indian Standards are reproduced below:

Table 1 Requirement for Automotive Diesel Fuel
(*Clauses* 3.1.4 *and* 3.2)

Sl No.	Characteristic	Requirement		Method of Test, Ref to [P :] of IS 1448/ASTM/IP/ISO Annex
		Bharat Stage IV	Bharat Stage VI	
(1)	(2)	(3)	(4)	(5)
i)	Appearance	Clear, bright and free from sediments, suspended matter and undissolved water at normal ambient fuel temperature	clear, bright and free from sediments, suspended matter and undissolved water at normal ambient fuel temperature	Visual
ii)	Acidity, inorganic, mg of KOH/g	Nil	Nil	ISO 6618/ASTM D974[9]/ IP 139
iii)	Acidity, total, mg of KOH/g, *Max*	0.20	0.20	[P : 2][9]/ASTM D664/ ASTM D974 / IP 139
iv)	Ash, percent by mass, *Max*	0.01	0.01	[P : 4][9]/ASTM D 482/IP 4
v)	Carbon residue (Ramsbottom or micro) on 10 percent residue[1], percent by mass, *Max*	0.30	0.30	[P : 8][9] /ISO 10370/ASTM D 524/IP 14/ASTM D 4530
vi)	Cetane number, *Min*	51[2]	51[2]	[P : 9][9]/ASTM D 613
vii)	Cetane index, *Min*	46[2]	46[2]	ISO 4264[9]/ASTM D4737/ IP 380
viii)	Pour point[3], *Max*:			[P : 10][9]/ASTM D 5949/ASTM
	a) Winter	3°C	3°C	D 5950/ASTM D 5985/ASTM
	b) Summer	15°C	15°C	D97/ASTM D7346/IP 15
ix)	Copper strip corrosion for 3 h at 50°C	Not worse than No. 1	Not worse than No. 1	[P : 15][9]/ASTM D 130/IP 154
x)	Distillation, 95 percent v/v, recovery, °C, *Max*	360	360	[P : 18][9]/ISO 3405/ASTM D 86/ASTM D 7345/IP 123
xi)	Flash point, Abel[4], °C, *Min*	35	35	[P : 20][9]/ISO 3679/ IP170/ IP523/ EN13736
xii)	Kinematic viscosity, cSt, at 40°C	2.0 to 4.5	2.0 to 4.5	[P : 25][9]/ISO 3104/ASTM D 445/ASTM D 7042/IP 71
xiii)	Total contamination, mg/kg, *Max*	24	24	EN 12662[9]/IP 440
xiv)	Density at 15°C, kg/m^3	815–845[5]	810–845[5]	[P : 16][9]/[P : 32]/ISO 12185/ ASTM D 4052/ASTM D 1298/IP 160
xv)	Total sulphur, mg/kg, *Max*	50	10	ISO 13032[9]/ISO 20884/ISO 20846[9]/ASTM D 5453/ASTM D 2622/ASTM D 7220/[P : 34] For Bharat Stage IV grade only
xvi)	Water content, mg/kg, *Max*	200	200	[P : 153][9]/ASTM D 4294 ISO 12937/ASTM D 6304
xvii)	Cold Filter Plugging Point (CFPP)[3], *Max*:			[P : 110][9]/ASTM D 6371/ IP 309
	a) Winter	6°C	6°C	
	b) Summer	18°C	18°C	
xviii)	a) Oxidation stability[6], g/m^3, *Max*	25	25	[P : 154][9]/ASTM D 2274/IP 388
	b) Oxidation stability by Rancidity meter[7], hours, *Min*	20	20	EN 15751
xix)	Polycyclic Aromatic Hydrocarbon (PAH), percent by mass, *Max*	8	8	EN 12916[9]/IP 391/ASTM D 6591
xx)	Lubricity corrected wear scar diameter (wsd 1.4) at 60°C, microns, *Max*	460	460	P 149/ISO 12156-1/Cor 1
xxi)	FAME content[8], % v/v, *Max*	7.0	7.0	Annex A[9]/ASTM D7371/ EN14078

4.1.2 The specifications of High Flash High Speed Diesel (HFHSD) prescribed under IS 16861:2018 by the Bureau of Indian Standards are reproduced below:

IS 16861 : 2018

Table 1 Requirements for High Flash High Speed Diesel (HFHSD)
(Clauses 3.3)

Sl No. (1)	Characteristics (2)	Requirement (3)	Method of test, Ref to [P:] of IS1448/ISO/ASTM/IP (4)
i)	Appearance	Clear and Bright	Visual
ii)	Acid Number, mg KOH/g, *Max*	0.5	[P : 2][7]/D 664/D 974
iii)	Ash, percent by mass, *Max*	0.01	[P : 4][7]/ISO 6245/D 482
iv)	Carbon residue on the 10 percent Volume Distillation Residue, mass %, *Max*	0.3	[P : 8][7]/ISO-10370/D 4530/D 524
v)	Cetane index[1], *Min*	45	ISO 4264[7]/D 4737
vi)	Pour Point[2], *Max* a) Winter b) Summer	 3°C 15°C	[P : 10][7]/ISO 3016/D 97
vii)	Copper strip Corrosion for 3 h at 100°C	Not worse than No.1	[P : 15][7]/ISO 2160/D 130
viii)	Distillation, percent (*v/v*), recovered a) at 350°C, *Min* b) at 370°C *Min*	 85 95	[P : 18][7]/ISO 3405/D 86
ix)	Flash Point Pensky Martens closed cup °C, *Min*	66	[P : 21][7]/ISO 2719/D 93
x)	Kinematic viscosity, cSt, at 40°C	2.0 to 5.0	[P : 25][7]/ISO 3104/D 445/D 7042
xi)	Density[3] at 15°C, kg/m^3, *Max*	860	[P : 16][7]/ISO 3675/ISO 12185/D 4052
xii)	Total sulphur[4], % by mass, *Max*	0.20	D 4294[7]/ISO 14596/D 2622/ISO 8754
xiii)	Water content, ppm, max.	500	ISO 12937[7]/ISO 6296/D 6304
xiv)	Cold filter plugging point (CFPP), °C	To report	[P : 110][7]/D 6371/IP 309
xv)	Oxidation Stability[5], g/m^3, *Max*	25	[P : 154][7]/D 2274/IP 388
xvi)	Lubricity[6], Corrected WSD at 60°C, microns max	520	ISO 12156-1/D 6079

4.2 SPECIFICATIONS OF PETROLEUM HYDROCARBON SOLVENT (125/240) (IS 1745:2018) AND KEROSENE (IS 1459) AS PER BUREAU OF INDIAN STANDARDS (BIS):

4.2.1 The specifications of Petroleum Hydrocarbon Solvent (125/240) prescribed under IS 1745:2018 by the Bureau of Indian Standards are reproduced below:

Free Standard provided by BIS via BSB Edge Private Limited to Hariom Meena - Bharatpur(hhariom94@gmail.com) 117.223.20.138.

IS 1745 : 2018

Table 1 Requirements for Petroleum Hydrocarbon Solvents
(Clauses 3.1.1 and 5.2)

Sl No.	Characteristic	Solvent 60/80	Solvent 80/120	Solvent 90/135	Solvent 125/240	Solvent 145/205 Low Aromatic	Solvent 145/205 High Aromatic	Solvent 190/300	Method of Test [Ref to P : of IS 1448]
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
i)	Colour (Saybolt), *Min*	+25	+25	+25	+21	+20	+20	—	P : 14
ii)	Colour (ASTM), *Max*	—	—	—	—	—	—	3.5	P : 12
iii)	Density at 15°C, g/ml	← Not limited but to be reported →							P : 16/ ISO 12185
iv)	Flash point (Abel), *Min*	—	—	—	30°C	35°C	35°C	35°C	P : 20
v)	Distillation range								P : 18
	a) Initial boiling point, *Min*	60°C	50°C	90°C	125°C	145°C	145°C	150°C	
	b) 50 percent by volume recovered at, in °C	← Not limited but to be reported →							
	c) 95 percent by volume recovered at, in °C	← Not limited but to be reported →							
	d) Final boiling point, *Max*	—	—	—	240°C	205°C	205°C	300°C	
	e) Dry point, *Max*	80°C	120°C	135°C	—	—	—	—	
vi)	Aromatic content, percent by volume	5 *Max*	35 *Max*	20 *Min*	40 *Max*	40 *Max*	45 *Min*	50 *Min*	P : 23
vii)	Sulphur, total, percent by mass, *Max*	0.05	—	—	—	—	—	—	P : 34* / ISO 8754/ ISO 20846
viii)	Copper strip corrosion for 3 h at 50°C	← Not worse than No. 1 →							P : 15
ix)	Residue on evaporation, mg/100 ml, *Max*.	5	5	5	5	5	5	—	P : 29 (Air Jet)

* In case of dispute, Method P 34 shall be used a referee method.

4.2.2 The specifications of Kerosene prescribed under IS 1459 by the Bureau of Indian Standards are reproduced below:

Free Standard provided by BIS via BSB Edge Private Limited to Harlom Meena - Bharatpur(nharlom94@gmail.com) 117.223.20.138.

IS 1459 : 2018

Table 1 Specification for Kerosene

(*Clause* 4.2)

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

NOTES

[1] In case of dispute, this method shall be the referee method.

[2] This test is to be done at refinery end.

[3] Where Saybolt chromo meter is not available, Lovibond colour of the sample kept in an 18 cell may be measured according to IS 1448 : [P : 13] in which case the colour shall not be deeper than standard white (IP 4.0). However, in case of dispute P : 14 shall be referee method.

[4] For supplies to Defence and Railways signal lamps the smoke point of the product shall be 22 mm, *Min*.

5.1 Upon analysis of the parameters detailed in the Test Reports vis-à-vis the parameters prescribed in the BIS standards of Automotive Diesel Fuel (ADF) conforming to standard IS:1460, High Flash High Speed Diesel (HFHSD) (IS:16861), Petroleum Hydrocarbon Solvent (125/240) (IS:1745:2018) and Kerosene (IS:1459), it is

forthcoming that imported goods have been mis-declared and mis-classified to import RESTRICTED goods, thus confirming the intelligence. Details are tabulated as under:

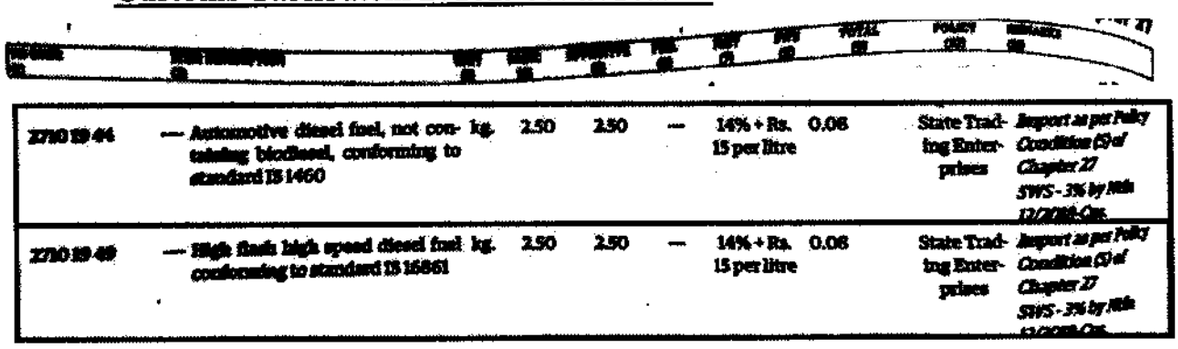
Table-III

Sr. No.	BoE No. & Date	Declared Description of the Goods	Description of the Goods as per analysis of Test Reports
1.	7611863 dated 18.02.2026	"Distillate Fuel Oil (SRFO) Conforming to IS 16731:2019 (ISO : 8217 : 2017)	The sample meets all the parameters of Automotive Diesel Fuel not containing bio-diesel (IS 1460).
			The sample also meets all the parameter of HFHSD (IS 16861).
2.	7608100 dated 18.02.2026	"General Purpose Thinner confirming IS to IS 14314 (For Industrial Use Only)"	The sample meets the specification of Petroleum Hydrocarbon Solvents (125/240) IS : 1745:2018.
			The sample also meets the specification of Kerosene IS:1459.

5.2.1 On comparison of the description of the goods indicated by CRCL, Visakhapatnam viz-a-viz relevant description of such goods as per the 1st Schedule of the Customs Tariff (Import Tariff) and Foreign Trade Policy (FTP) read with Policy Condition of such goods, it is observed that the goods imported vide Bill of Entry No. No. 7611863 dated 18.02.2026 are classifiable under Customs Tariff Item 27101944 or 27101949.

5.2.2 The relevant extract from the Customs Tariff is shown below for ease of reference.

Customs Tariff Item 27101944 / 27101949



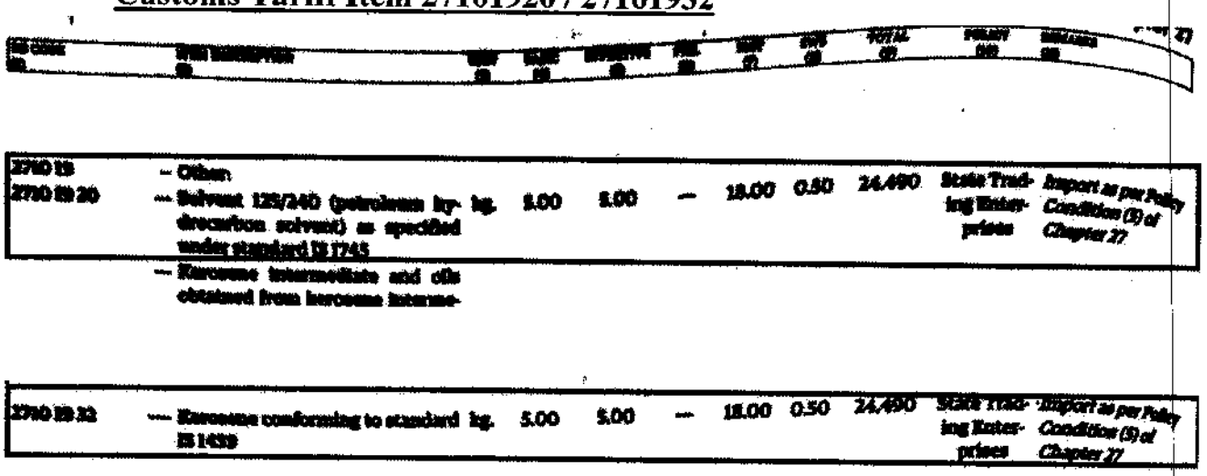
27101944	— Automotive diesel fuel, not containing biodiesel, conforming to standard IS 1460	kg.	2.50	2.50	—	14% + Rs. 15 per litre	0.06	State Trading Enterprises	Import as per Policy Condition (5) of Chapter 27 SWS - 3% by Noti 12/2018-Cus
27101949	— High flash high speed diesel fuel conforming to standard IS 16861	kg.	2.50	2.50	—	14% + Rs. 15 per litre	0.06	State Trading Enterprises	Import as per Policy Condition (5) of Chapter 27 SWS - 3% by Noti 12/2018-Cus

5.3.1 On comparison of the description of the goods indicated by CRCL, Visakhapatnam viz-a-viz relevant description of such goods as per the 1st Schedule of the Customs Tariff (Import Tariff) and Foreign Trade Policy (FTP) read with Policy Condition of such goods, it is observed that the goods imported vide Bill of Entry No.

7608100 dated 18.02.2026 are classifiable under Customs Tariff Item 27101920 or 27101932.

5.3.2 The relevant extract from the Customs Tariff is shown below for ease of reference.

Customs Tariff Item 27101920 / 27101932



5.4.1 Further, with regard to the goods classifiable under Customs Tariff Items 27101920, 27101932, 27101944 & 27101949, 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:, the import policy for the aforesaid goods is "restricted" with import allowed only by State Trading Enterprises only, by virtue of Policy Condition No. 5 : ***"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&NG Resolution No. P23015/1/2001-MKT. Dated 8.3.2002, including HPCL, BPCL and IBP, who have been marketing transportation fuels before this date".***

5.4.2 The screenshots of the relevant extracts of Policy Conditions are as below:

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

5.5 Thus, in light of the tested parameters in respect of the goods imported in the aforesaid 02 (two) Bills of Entry, the imported goods appears to be RESTRICTED for import. Accordingly under the reasonable belief 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 02 (two) Seizure Memos dated **17.03.2026 (RUD-5)**.

6. INQUIRY & INVESTIGATION:

6.1 STATEMENT OF SHRI SORABH GOYEL, AUTHORIZED PERSON OF THE IMPORTER :

During the course of investigation, Statement of Shri Sorabh Goyel, Authorized Person M/s. Sainath Industrial Fuels Private Limited, Bhavnagar was recorded under Section 108 of the Customs Act, 1962 on 07.04.2026(**RUD-6**), during which he interalia stated that

6.1.1 He is an Authorized Person of M/s. Sainath Industrial Fuels Private Limited, Bhavnagar, a company which was established in the year 2007 with CIN No. U23300GJ2007PTC051512 and Shri Hasmukhbhai Dave is a Managing Director and Shri Kantibhai Mathurbhai Dave as a Director of the company since 2007. He is associated with them since last 05 years and looks after the trading on behalf of the company and all the decisions regarding purchase / import of the goods are taken with the approval of Shri Hasmukh Dave, Director.

6.1.2 On being asked, he stated that the said company deals with the raw materials like Crude Benzol, Crude, Distillate Marine Fuel to manufacture Low Viscosity Fuel Oil (LVFO), Benzene, Toluene, Heavy Aromatic and Off. Spec. Fuel Oil and also deals with the trading of the goods like Thinner, Heavy Aromatic and Off. Spec Fuel Oil.

6.1.3 On being asked, he stated that Shri Hasmukh Dave, Managing Director is looking after the manufacturing and local sales of manufactured goods and Shri Kantibhai Dave, who is father of Shri Hasmukh Dave is another Director of the company, is not playing any active role in the company. On being specifically asked, he stated that he had not signed any documents relating to import of two consignments of General Purpose Thinner and Distillate Fuel Oil and that all the documents were signed by Shri Hasmukh Dave being Director of the Company. He also stated that he has not been authorized to sign any documents on behalf of the company and all the documents are signed by Shri Hasmukh Dave, Director of the company and Shri Hasmukh Dave, Director is also responsible for overall activities of the company.

6.1.4 On being asked, he stated that M/s. Sainath Industrial Fuels Pvt. Ltd. is engaged in Manufacturing of LVFO, Benzene & Toluene using Distillate Marine Fuel and Crude Benzol, in their manufacturing unit at S./No. 44/1-2, Sartanpar, Alang-Bhavnagar Road, Near Nagdhaniba, Distt.:Bhavnagar. The goods so manufactured are

also traded in local market. He further stated that Distillate Marine Fuel is not directly sold in the domestic market. He also stated that they are also engaged in Trading Thinner and Thinner is not used in manufacturing. His company is not engaged in job-work or in providing any taxable services.

6.1.5 On being asked about the execution of Contract or Agreement or Purchase Order for purchase / procurement in respect of imported goods i.e. Distillate Fuel Oil & Thinner, he stated that they are used to import / purchase the goods from their known suppliers viz. M/s. Sun Petrochem FZC, Hamriyah Free Zone, Sharjah, UAE and M/s. Kleen Lube Refinery LLC, Ras-Al-Khaimah, UAE and make telephonic communication with Mr. Habib with regard to Product Specification, Quantity and Price of the goods. The Sales & Purchase Agreement is prepared thereafter by the seller and sent to them for confirmation and the said Agreement is signed by the official of companies in token of confirmation of agreement. He submitted copy of two Sales & Purchase Agreement dated 30.01.2026 for import of Goods i.e. Distillate Fuel Oil & General Purpose Thinner under his dated signature which were signed by Shri Hasmukh Dave, Director of the company.

6.1.6 On being asked about the verification of the Quality & Quantity of goods with reference to Purchase & Sales agreement, he stated that a Third Party Surveyor is appointed by Seller and Seller provides Certificate of Analysis on the Sellers Letter-Head on the basis of report of the Third Party Surveyor. He provided copy of Certificate of Analysis of above two products under his dated signature and stated that they rely on the Certificate of Analysis issued by Seller for Quality and Quantity of the imported goods.

6.1.7 On being asked about the status of the suppliers i.e. M/s. Sun Petrochem FZC, Hamriyah Free Zone, Sharjah, UAE and M/s. Kleen Lube Refinery LLC, Ras-Al-Khaimah, UAE, he stated that they are Manufacturers.

6.1.10 On being asked about the details of the goods imported at the Port of Pipavav, he stated that they have imported 3027.149 MT of General Purpose Thinner confirming to IS:14314 under cover of Bill of Lading No. SIFPL/DFO/HAM-25-1 dated 11.02.2026 and filed Bill of Entry (for Warehousing) No. 7608100/18.02.2026 at the Port of Pipavav for its clearance. They have also imported 3206.140 MT of Distillate Fuel Oil (SRFO) Confirming to IS 16731:2019, ISO 8217:2017 under cover of Bill of Lading No. 253004406 SIFPL/DFO/HAM-25-2 dated 11.02.2026 and filed Bill of Entry (for Warehousing) No. 7611863/18.02.2026 at the Port of Pipavav for its clearance.

6.1.11 On being asked about the principal uses of the imported goods i.e. (1) General Purpose Thinner confirming IS 14314 (Industrial Use Only) & (2) Distillate Fuel Oil (SRFO) Confirming IS 16731:2019, ISO 8217 : 2017, he stated that the General Purpose Thinner is traded to Paint Industries & Solvent Industries engaged in manufacturing of Pesticides and Distillate Fuel Oil is used for manufacturing of LVFO. He further stated that his company also manufactures Benzene and Toluene out of Crude Benzol.

6.1.12 On being asked, he perused the Test Report submitted by CRCL Visakhapatnam dated 13.03.2026 for Test Memo No. 32 & 33 dated 28.02.2026 pertaining to samples drawn from their consignment on hold at Pipavav Port covered under Bill of Entry No. 7608100 dated 18.02.2026 and also perused the Test Report submitted by CRCL Visakhapatnam dated 16.03.2026 for the Test Memo No. 30 & 31 dated 28.02.2026 pertaining to samples drawn from their consignments on hold at Pipavav Port covered under Bill of Entry No. 7611863 dated 18.02.2026. On further being specifically asked, he stated that these two consignments were imported by his company i.e. M/s. Sainath Industrial Fuels Pvt. Ltd. and company has made the payment of these consignments through official Bank A/c maintained with HDFC Bank by the Director of the company.

6.2 SEARCH AT THE BUSINESS PREMISES OF THE IMPORTER & STATEMENT OF THE ACCOUNTANT OF THE COMPANY:

6.2.1 During the course of investigation, a search was carried out at the business premises of M/s. Sainath Industrial Fuels Private Limited, 205, Second Floor, Turning Point, Waghawadi Road, Bhavnagar-364002 and incriminating documents were resumed under Panchnama dated 09.04.2026 **(RUD-7)** in presence of Shri Dharmendrasinh Gohil, Accountant of the company. A Statement of Shri Dharmendrasinh Dilavarsinh Gohil, an Accountant of M/s. Sainath Industrial Fuels Private Limited, was recorded under Section 108 of the Customs Act, 1962 on 09.04.2026 **(RUD-8)**, during which interalia he stated that-

6.2.2 On being asked about the details of the company, he stated that he company i.e. M/s. Sainath Industrial Fuels Pvt. Ltd., Bhavnagar is established in 2007 and is a Private Limited company with its CIN No. U23300GJ2007PTC051512 and Shri Hasmukh Kantibhai Dave is a Managing Director who is actively involved in all the affairs of the company. Shri Kantibhai Mathurbhai Dave another Director of the company since 2007 and is not much involved in the daily affairs of the company.

6.2.3 On being asked, he perused the copy of the Panchnama drawn at the office premises of M/s Sainath Industrial Fuels Pvt. Ltd. during Search proceedings on 09.04.2026 and stated that he was present during the entire Panchnama proceedings and that he fully agrees with the proceedings. On being asked, he stated that he is associated with M/s. Sainath Industrial Fuels Pvt. Ltd., Bhavnagar since last 05 years and looks after account related work of the company as per the direction of Shri Hasmukh Dave, Director of the company and also looks after general correspondence and email correspondence related to the company. He further stated that all the decisions regarding purchase / import of the goods are taken with the approval of Shri Hasmukh Dave, Director of the company and Shri Dharmendrasinh Gohil also makes communicates with the seller and other relevant persons for import, through WhatsApp from the mobile Samsung Galaxy A13 Model Name SM-A135F/DS, Serial No. RZ8T50JEL4X, having sim inserted of No. 7016955992 (provided by Shri Hasmukh Kantibhai Dave) through

the said mobile on WhatsApp account "Anjani". He further stated that he has not been authorized to sign any documents on behalf of the company and all the documents are signed by Shri Hasmukh Dave, Managing Director of the company and invoices are digitally signed with the digital signature of Shri Hasmukhbhai Dave.

6.2.4 On being asked about the details of the goods imported, he stated that his company has imported 3027.149 MT of General Purpose Thinner vide Bill of Entry (for Warehousing) No. 7608100/18.02.2026 and 3206.14 MT of Distillate Fuel Oil (SRFO) vide Bill of Entry (for Warehousing) No. 7611863/18.02.2026 at the Port of Pipavav.

6.2.5 On being asked about the manner in which the documents / instructions / communications were received by him with respect to above import, he stated that the documents were received through WhatsApp on the mobile provided by Shri Hasmukh Kantibhai Dave on WhatsApp account "Anjani" with mobile number 7016955992. He also informed that a WhatsApp group named SP& sainath biz has been created on the said mobile number including members Habib Amulawala (971545555253), Hasmukh Bhai Dave (9825207779), Hind Corporation (971503427300), Iliyas (971555505486), Raoul Mehta (971503879600), Syed Said Abbas (971563292281) and the above said number 7016955992 "Anjani"; that the relevant group members discuss among themselves for deciding each and every aspects to be included in import documents like Bill of Lading, Commercial Invoices, Packing List such as "Description of the Goods", "HSN Code of the Goods", "Price of the Goods". "Name of the Notified Party", "Weight", etc. After finalization, the documents are prepared by the supplier after due consultation and thereafter such documents are provided in this group for confirmation. He also informed that the subsequent information such as Dispatch of the Goods and supply of other documents are also forwarded in this group only and Once the documents are finalized and the consignments is about to reach the port of import, the documents are further forwarded by him to CHA for filing Bill of Entry as well as Warehouse Owners. He further stated that these documents are however signed by Shri Hasmukhbhai Dave being the Authorized Signatory of the company, prior to same are forwarded to various stake holders. He also stated that all imported documents are prepared in their office and as per the direction of Shri Hasmukhbhai Dave and all are forwarded by WhatsApp and/or Email. He also produced a copy of "WhatsApp Chat with SP & sainath biz" exchanged in the above mentioned Group with reference to the investigation being carried out by DRI office.

6.2.6 On being asked to provide the Documents and Communications in respect of Bill of Entry No. 7608100 / 18.02.2026 and Bill of Entry No. 7611863 / 18.02.2026 filed at Pipavav Port by his company for import of goods, he stated that he had already explained the detailed procedure for finalization and confirmation of import documents and also provided all relevant chats exchanged in WhatsApp Mobile group. He also provided copy of Sales & Purchase Agreement executed between Sainath Industrial Fuels Pvt. Ltd. and Kleenlube Refinery LLC, Sales & Purchase Agreement executed between Sainath Industrial Fuels Pvt. Ltd. and Sun Petrochem FZC **(RUD-9)**, E-mail

correspondence related to outward remittance and Proforma & Commercial Invoice of both the consignments.

6.2.7 On being asked as to how the payments are made against import of goods covered by these two consignments, he stated that his company had made the payment through official Bank A/c maintained with HDFC Bank by the Director of the company, i.e. Shri Hasmukhbhai Dave.

6.2.8 On being asked as to who else apart from him, uses the above Mobile having WhatsApp Account "Anjani", he stated that Ms. Janvi Parmar, a Data Entry Operator working in his office was having access of the above mobile and whatever communication or information are received in the said Mobile, Ms. Janvi used to inform him and thereafter he used to convey the same to Shri Hasmukhbhai Dave, Director and no other person had access of the said mobile and WhatsApp Account. He further added that the final decision in respect of each and every matters including finalization of import documents are taken by Shri Hasmukhbhai Dave.

6.2.9 On being asked about the names of employees looking after the daily routine work of the company, he stated that mainly three employees viz. himself (Dharmendrasinh Gohil), Shri Bhadreshbhai Trivedi and Ms. Janvi Parmar are working according to instruction of Shri Hasmukhbhai Dave, active Director of the company. On being specifically asked about Shri Sorabh Goyel, he stated that he doesn't know much about him. He further replied that as far as he knows, Shri Sorabh Goyel is from Delhi and he does not hold any position in M/s Sainath Industrial Fuels Pvt. Ltd. and his company had not had any contract with him related to import and trading activity of M/s. Sainath Industrial Fuels Private Limited. He further stated that he was contacted by Shri Hasmukh K Dave recently to deal with the inquiry initiated by the DRI Regional Unit, Jamnagar.

6.3 INQUIRY WITH THE DIRECTOR OF THE COMPANY AND RECORDING OF THE STATEMENT OF SHRI HASMUKHBHAI DAVE, DIRECTOR:

6.3.1 During the course of inquiry, a search was conducted on 09.04.2026 at the business premises of M/s. Sainath Industrial Fuels Private Limited, 205, Second Floor, Turning Point, Waghawadi Road, Bhavnagar-364002. During the search proceedings, Shri Hasmukhbhai K. Dave, active Director of the company was not present at the time of search proceedings. Accordingly, 04 (four) summons were issued to him to call for documents and give his statement before the Investigation Officer, as per the details given below :-

Sr. No.	Summons Date	Summons to appear on	Summon issued to	Status	Reasons for non-appearance.
1	09.04.2026	10.04.2026	H. K. Dave	Not appeared	Email sent on 10.04.2026 citing unavoidable circumstances.
2	21.04.2026	24.04.2026	H. K. Dave	Not appeared	Email sent on 24.04.2026 citing medical reasons.
3	27.04.2026	05.05.2026	H. K. Dave	Not appeared	Email sent on 05.05.2026 citing illness.
4	26.05.2026	02.06.2026	H. K. Dave	Appeared	Statement recorded.

6.3.2 A statement of Shri Hasmukhbhai K. Dave, Director of M/s. Sainath Industrial Fuels Private Limited, on 02.06.2026 **(RUD-10)**, during which he interalia stated that -

6.3.3 He is one of the Directors of the company viz. M/s. Sainath Industrial Fuels Pvt. Ltd., Bhavnagar and Shri Kantibhai Dave, his father is the other Director. He is associated with the company since its commencement in the year 2007 and is overall in-charge of the company and handles financial matters of the company. His father, being old, is not playing any active role in running of the company. He is mainly looking after the manufacturing activity at the factory located at Survey No. 44, Village – Sartanpar, Bhavnagar-Alang Road, Near Nagdhaniba, Tal. & Distt. Bhavnagar and is also looking after the trading of the imported goods.

6.3.4 On being asked about their business, he stated that his company manufactures Benzene, Toluene, Xylene out of BTX Crude by way of distillation process in the factory. His company ha also imported General Purpose Thinner and Distillate Fuel Oil and these goods are mainly traded in local market. Also Distillate Fuel Oil is used for manufacturing of LVFO and Fuel Oil. His company is not engaged in job-work or providing of any taxable services.

6.3.5 On being specifically asked about the manufacturing activity, he stated that Benzene, Toluene and Xylene is manufactured from BTX Crude. The BTX Crude is procured locally /domestically being a bye-product of Steel Industries. General Purpose Thinner imported by them is exclusively for trading purpose and not used for manufacturing purpose and as per his knowledge, General Purpose Thinner is used as an additive in paint industries. The major part of imported Distillate Fuel Oil is traded in domestic market and some part is used for manufacturing by way of distillation process, as a result, LVFO and Fuel Oil (LHSH) gets manufactured.

6.3.6 On being asked about the manner of procurement of raw-materials and traded goods, he stated that BTX crude is procured domestically and General Purpose Thinner and Distillate Fuel Oil is imported. He stated that initially rate & quantity is agreed verbally with the sellers / suppliers of middle-east countries on WhatsApp, thereafter, Proforma Invoice is prepared by the Supplier/ Seller and payments are made through banking channel to the Supplier / Seller. Subsequently, the goods are loaded for transportation and other documents like Commercial Invoice, Certificate of Origin, Certificate of Analysis, Packing List, Bill of Lading etc. are prepared by the Seller / Supplier. Generally, import of goods is on Advance Payment basis.

6.3.7 On being asked about the manner of sales of traded goods/ manufactured goods, he stated that the manufactured goods like Benzene, Toluene, Xylene, LVFO and LHSH are supplied to industries on agreed rate with prescribed time-line for the delivery of the good and the traded goods like General Purpose Thinner and Distillate Fuel Oil are sold as per their requirement.

6.3.8 On being specifically asked whether any Contract or Agreement or Purchase Order is executed with supplier for import of goods to which he replied in negative and stated that after verbal agreement, a Proforma Invoice is prepared by the Supplier showing details like, Description of the Goods, Appox. Quantity, Rate, Payment Terms, etc. and the said Proforma Invoice is the basic document for payment of purchase price to the overseas supplier. On being asked about the status of suppliers / sellers of the imported, he stated that such suppliers / sellers are manufacturer / refiner and trader both.

6.3.9 On being asked as to how the correctness and authenticity of the description of the goods are ensured with reference to Proforma Invoice at the time of the purchase of the goods, he stated that it is verified on the basis of the Certificate of Analysis issued by the Supplier in case where supplier is Manufacturer or Refiner. Alternatively, on the basis of the Test Report issued by Third Party Inspection Agencies like SGS, Geochem, Intertek etc. in case the supplier is trader i.e not a Manufacturer or Refiner.

6.3.10 On being asked about the goods imported by his company at Port of Pipavav vide Bill of Entry No. 7608100/18.02.2026 and Bill of Entry No. 7611863 dated 18.02.2026, he stated that their company has imported 3027.149 MT of General Purpose Thinner confirming IS 14314 (Industrial Use Only) under cover of Bill of Lading No. SIFPL/DFO/HAM-25-2 dated 11.02.2026 and 3206.140 MT of Distillate Fuel Oil (SRFO) confirming IS 16731:2019 (ISO:8217:2017) under cover of Bill of Lading No. SIFPL/DFO/HAM-25-1 dated 11.02.2026 at Pipavav Port and vide those Bills of Entry (for Warehousing).

6.3.11 On being asked about principal uses of imported goods i.e. (1) General Purpose Thinner confirming IS 14314 (Industrial Use Only) & (2) Distillate Fuel Oil (SRFO) Confirming IS 16731:2019, ISO 8217:2017, he stated that as per his knowledge, the General Purpose Thinner is used as an Additive in Paint Industries and Distillate Fuel Oil is used as Burning / Fuel in Boiler in various industries. .

6.3.12 On being specifically asked about the status of the Supplier / Seller in respect of the above consignments, he stated that M/s. Kleenlube Refinery LLC, Ras-Al-Khaimah, UAE is seller for General Purpose Thinner and M/s. Sun Petrochem FZC, Sharjah, UAE is seller for Distillate Fuel Oil and both the above sellers are manufacturer / refiner of the respective imported goods.

6.3.13 On being asked to provide copy of Technical Catalogues / Literature provided by the manufacturer of the goods in respect of above two consignments, he stated that Sellers do not provide the same except Certificate of Analysis. He submitted copy of Commercial Invoice, Packing List, Certificate of Origin and Certificate of Analysis etc. issued by the Seller / Supplier under his dated signature.

6.3.14 On being asked to provide a copy of Certificate of Origin issued by the competent authority in respect of above two consignments, he provided copy of Certificate of Origin No. 218938 dated 30.01.2026 **(RUD-11)** issued by the Ras-Al-Khaimah Chamber showing name of exporter as Kleenlube Refinery LLC, Ras-Al-Khaimah with consignee as Sainath Industrial Fuels Private Limited and stated that he does not have similar Certificate of Origin issued by the competent authority in respect of other consignment viz. Distillate Fuel Oil.

6.3.15 On being asked to provide copy of Proforma Invoice issued by the Seller / Supplier in respect of above two consignments, he submitted copies of Proforma Invoice No. SP-PI-26-001 dated 01.01.2026 for General Purpose Thinner and Proforma Invoice No. SP-PI-26-002 dated 01.01.2026 for Distillate Fuel Oil (SRFO) with his dated signature.

6.3.16 On being asked about Payment Terms and Unit Price of the goods imported vide above two consignments, he stated that payment term is 100% Advance. The unit price of General Purpose Thinner is USD 720/- PMT and unit price of Distillate Fuel Oil is USD 450/- PMT. The advance payment in parts (installments) is also acceptable.

6.3.17 On being asked the details of persons contacted for entering into deals for the purchase of the above imported goods viz. (1) General Purpose Thinner confirming to IS 14314 (Industrial Use Only) & (2) Distillate Fuel Oil (SRFO) Confirming to IS 16731:2019, ISO 8217:2017, he replied that he had a telephonic conversation with Shri Habibbhai Amulawala, Director of M/s. Sun Petrochem FZC, Sharjah, UAE in respect of both consignments regarding Quantity, Quality / Description and Rate of the goods and M/s. Kleen Lube Refinery LLC, Ras-Al-Khaimah, UAE is a group company of M/s. Sun Petrochem FZC, UAE.

6.3.18 On being asked about the parameters / characteristics / specifications agreed upon with seller / supplier for the import of General Purpose Thinner & Distillate Fuel Oil (SRFO), he stated that the detailed parameters / Characteristics / specifications are not mentioned in any documents, but, General Purpose Thinner is agreed to be purchased as per IS 14314 and Distillate Fuel Oil (SRFO) is agreed to be purchased as per IS 16731. He further stated that these goods are agreed to be purchased as per

respective Indian Standards only. Hence, the above goods are self-assessed on the basis of Indian Standards i.e. General Purpose Thinner confirming IS 14314 under CTI 38140019 and Distillate Fuel Oil (SRFO) Confirming IS 16731:2019 , ISO 8217 : 2017 under CTI 2710 1961.

6.3.19 On being asked, he perused the Test Report issued by CRCL Visakhapatnam dated 16.03.2026 in respect of Test Memo No. 30 & 31 dated 28.02.2026 of samples drawn from the consignment imported vide Bill of Entry No. 7611863 dated 18.02.2026 at Pipavav Port, wherein CRCL Visakhapatnam, on the basis of the tested parameters, opined that the goods do not confirm to the specification of declared description i.e. Distillate Marine Fuel (IS 16731) and that the samples meet all the parameters of the "Automotive Diesel Fuel not containing Bio-diesel (IS : 1460)" and also of "HFHSD (IS:16861)". He also perused the parameters detailed in the said test report issued by CRCL Visakhapatnam and stated that tested parameters are matching the parameters of Indian Standard 16731:2019 (ISO 8217:2017) pertaining to Distillate Fuel Oil (HSN – 27101961). On being further asked, he replied that he agrees with the tested parameters as per the Test Report dated 16.03.2026 of CRCL Visakhapatnam but disagrees with the conclusion drawn in the said Test Report.

6.3.20 On being asked, he perused Test Report issued by CRCL Visakhapatnam dated 13.03.2026 in respect of the Test Memo No. 32 & 33 dated 28.02.2026 of samples drawn from the consignment imported vide Bill of Entry No. 7608100 dated 18.02.2026 at Pipavav Port, wherein CRCL Visakhapatnam, on the basis of the tested parameters, opined that the goods do not confirm to the specification of declared description i.e. General Purpose Thinner confirming to IS 14314:2022 as the sample contains small amount of aromatic hydrocarbons and that the sample does not comply with the description requirement of Thinner (General Purpose) (IS:14314), as in the absence of sufficient amount of aromatic content, it will not fulfill the purpose of Thinner and therefore sample does not meet the requirement of Thinner / Solvent of Section VI of CT (3814) as it does not contain any non-hydrocarbon additives like Alcohols, Acetones and Chlorinated Solvents which make them composite Solvent / Thinners. Also, the samples meet the specification of Petroleum Hydrocarbon Solvents (125/240) (IS:1745:2018) and specification of Kerosene (IS:1459).He also perused the parameters detailed in the test report issued by CRCL Visakhapatnam and stated that tested parameters are matching the parameters of Indian Standard IS 1745:2018 (Petroleum Hydrocarbon Solvent – 125/240) and IS 1459 (Kerosene). On being further asked, he replied that he agrees with the tested parameters as per CRCL Visakhapatnam Test Report dated 303.2026 but not with the conclusion drawn in the said Test Report.

6.3.21 On being asked, he perused Panchnama dated 09.04.2026 drawn for the search proceedings wherein incriminating documents pertaining to the inquiry have also been resumed and stated that he is agreeing that the documents resumed under the said Panchnama are pertaining to his company and other companies being operated from his office premises. On being asked to explain about the document so resumed in the said Panchnama, he stated that they are Accounting Documents like Sales & Purchase

Summary as well as Sales & Purchase Register of M/s. Sainath Industrial Fuels Pvt. Ltd. and M/s. Shree Ram Traders. He stated that these document are pertaining to Sales & Purchase of the above two companies, that M/s. Shree Ram Trader is a partnership firm having two partners viz. (1) Shri Hasmukh K. Dave (Myself) and Shri Darshan H Dave (My Son) as well as, that M/s. Shree Ram Trader is engaged in trading of Petroleum Fuel & Petroleum Products procured domestically. He further explained that GST Registration Certificates resumed are pertaining to companies viz. (1) M/s. Sainath Industrial Fuels Private Limited, (2) Shree Ram Traders – wherein he is one of the Partner, (3) S. R. Buildcon – is a construction company wherein he is acting as proprietor, (4) Shree Ram Roadlines – is a company for transportation of liquid owned by Shri Shaileshkumar Kanaiyalal Bhatt, who is his Uncle, (5) Anjani Impex & A. J. Petrochemicalas LLP, are trading firms of his nearest relative. He further stated that a list of employee seized during the search is containing details of staff of office as well as factory. He has been agreeing that Shri Dharmendrasinh D. Gohil is an Accountant, Shri Bhadresh K. Trivedi, is a Manager and Ms. Janvi Parmar, Data Operator were present during the search proceedings and they are staff of his companies. On being asked, he further stated that Shri Sorabh Goyal is not an employee of any of his companies.

6.3.22 On being asked to comment on the statement dated 09.04.2026 of Shri Dharmendrasinh Dilavarsinh Gohil, Accountant of M/s. Sainath Industrial Fuels Pvt. Ltd., he perused the said statement and stated that he is agreeing that the facts deposed are true fact and documents tendered voluntarily in the said Statement dated 09.04.2026 are pertaining to his company and other companies operated from his office premises.

6.3.23 On being asked to explain in details about the facts deposed and documents tendered voluntarily by Shri Dharmendrasinh D. Gohil, Accountant during the course of recording his statement and its relevance with M/s. Sainath Industrial Fuels Pvt. Ltd and its other associated companies, he stated that Shri Dharmendrasinh D. Gohil is working as his accountant and also look after the requirement of import documentations and to oversee the error or mistakes, if any, observed in the documents prepared by the overseas suppliers. He is also used to chat with the help of Office Mobile named "Anjani" on group "SP & Sainath". On being asked regarding Sale & Purchase Agreement, he stated that in these two consignments, being bulk cargo, Sales & Purchase Agreement have been executed and in case of containerized cargo, usually, Proforma Invoice is prepared. He further stated that the details mentioned in Purchase & Sales agreement are as per Proforma Invoices only and chats submitted by Shri Dharmendrasinh D. Gohil is a conversation with the supplier/ seller for knowing payment status, removal of errors in import documents etc.

6.3.24 On being asked, he stated that General Purpose Thinner confirming to IS 14314 is used as Additive in Paint Industries and also stated to have declared that the goods are imported for "Industrial Use". On being further asked as to how it is ensured that it is used for Industrial purpose only, he replied that the goods are either sold to Industrial Unit or Traders, and an endorsement to the effect that goods are meant for

Industrial Use only is mentioned in Sales Invoice. He also clarified that apart from this, there is no other mechanism with them to ensure its exact usage for Industrial Purpose.

6.3.25 On being asked that since their company is engaged in trading of the imported goods, how the actual end use of the goods traded to your buyers can be verified and how it is ensured that the goods have been put to usage for legitimate purpose in terms of BIS Standard and Customs Tariff, he replied that they put an endorsement on invoice mentioning "For Industrial Use only".

6.3.26 On being asked about his knowledge and understanding about the fact that Distillate Fuel Oil can also be put to use as diesel or as a substitute for automotive diesel, he replied that he was unaware about any such alternative use of Distillate Fuel Oil.

6.3.27 On being asked about his knowledge and understanding about the fact that General Purpose Thinner can also be put to use for adulterating Diesel or Fuel or as low cost industrial solvent to which he replied being unaware about any such alternative use of General Purpose Thinner.

6.3.28 On being asked about the buyers / purchasers of imported goods i.e. Distillate Fuel Oil and General Purpose Thinner and their intended use for purchase of such goods, he replied that the goods are sold to various Industrial Units as well as Traders with ultimate purpose of its Industrial Usage only. He agreed that there is no mechanism to ascertain the ultimate usage of the imported goods i.e. Distillate Fuel Oil and General Purpose Thinner.

6.3.29 On being asked to pay attention to the contents of the Test Reports dated 16.03.2026 wherein the tested parameters clearly suggested that the goods imported meet the parameters of "Automotive Diesel Fuel not containing Bio-diesel (IS : 1460)" and "HFHSD (IS:16861)" whereas they had declared the said goods as "Distillate Marine Fuel IS 16731" in BoE No. 7611863 dated 18.02.2026, thereby, suggesting mis-declaration of the imported goods in the Bill of Entry on their part, he reiterated his earlier reply and stated the goods have been rightly declared as Distillate Fuel Oil and they have not mis-declared the goods.

6.3.30 On being asked to pay attention to the contents of the Test Reports dated 13.03.2026, wherein the tested parameters suggested that the goods imported by their company meet the parameters of "Petroleum Hydrocarbon Solvents (125/240) (IS:1745:2018) and Kerosene (IS:1459)" whereas they had declared the said goods as "General Purpose Thinner confirming to IS 14314:2022" in BoE No. 7608100 dated 18.02.2026, suggesting mis-declaration of the imported goods in the Bill of Entry on their part, he reiterated his earlier reply and stated that the goods have been rightly declared as General Purpose Thinner and they have not mis-declared the goods.

7.0 FINDINGS OF THE INVESTIGATION & EVIDENCES COLLECTED:

7.1 M/s. Sainath Industrial Fuels Private Limited, Bhavnagar have imported two consignments viz. 3206.140 MTs of goods declared as "DISTILLATE FUEL OIL (SRFO) confirming to IS 16731:2019 (ISP 8217:2017)" and 3027.149 MTs of goods declared as "GENERAL PURPOSE THINNER confirming to IS 14314 (INDUSTRIAL USE ONLY) at Port of Pipavav (INPAV1) and declared the aforementioned Description of the Goods in the Bill of Entry No. 7611863 dated 18.02.2026 and Bill of Entry No. 7608100 dated 18.02.2026 respectively, on the strength of Commercial Invoice, Packing List, Bill of Lading and Certificate of Analysis, and self-assed the goods by classifying under Custom Tariff Items 2710 19 61 & 3814 00 19 of the Customs Tariff (Import Tariff) respectively.

7.2 The Directorate of Revenue Intelligence (DRI) Regional Unit Jamnagar (under DRI Ahmedabad) initiated investigation in respect of the subject two consignments based on the specific intelligence that "Restricted Goods" were being attempted to be imported by way of mis-declaration of the goods as "Distillate Fuel Oil" and "General Purpose Thinner" which is Free for import as per the Foreign Trade Policy.

7.3 Four representative samples of the goods were drawn, as per Test Memo No. 30 to 33 all dated 28.02.2026, in respect of the above two consignments, in the presence of the importer and witnesses under Panchnama for its chemical analysis, to ascertain the correct description / nature of the imported goods. Specific parameters to be tested and queries to be replied on the basis of tested parameters have been elaborately mentioned in the Test Memos. The Customs Revenue Laboratory, Visakhapatnam issued 04 (four) Test Reports wherein all relevant parameters, as required for determining compliance to Indian Standards, have been tested.

7.4.1 The Chemical Examiner, Custom House Laboratory, Visakhapatnam have, based on the result of the tested parameters, replied to all the queries raised and determined the correct and exact description of the goods. The result of the Chemical Tests in respect of 02 (Two) Test Reports are similar and revealed that the samples do not confirm to the specification of declared goods i.e. Distillate Marine Fuel of IS 16731 and that they meet all the parameters of Automotive Diesel Fuel not containing Bio-diesel (IS 1460) and also meet all the parameters of HFHSD (IS 16861).

7.4.2 The specimen of one such Test Report is scanned below for better understanding of the total parameters tested by the laboratory in order to arrive at the scientific evaluation of the sample of the goods.

भारत सरकार
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Government of India
Ministry of Finance.
Department of Revenue
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TEST REPORT Date: 16.03.2026

Lab No: 790/DRI
Test Memo No: 30/2025-26 Date: 03.03.2026
F. No.: DRI/JRU/INQ-09/2025-26
B. E. No: 7611863 Date: 28.02.2026
Sample Marked as: T-114/IMC/X Date: 18.02.2026
Tank No.: T-114
Sample Received from: Senior Intelligence officer, (DRI), Sub Regional Unit, Bhavnagar.
Description of Sample: Distillate Fuel Oil (SRFO) confirming 16731:2019 ISO 8217:2017
Date of Receipt: 03.03.2026
Sample Plan: Sample not Drawn by this laboratory

Result: The sample is in the form of pale yellow coloured, free flowing oily liquid. It is mainly composed of petroleum hydrocarbons, having mineral oil content more than 70% by wt. It is having following characteristics.

1.	Appearance	= Clear & bright
2.	Total Acid Number (mg of KOH/gr)	= less than 0.2%
3.	Ash content	= Nil
4.	Carbon residue on 10% Residue	= Less than 0.30% by wt.
5.	Flash Point (Abel), °C	= 71°C
6.	Density at 15°C	= 0.833 g/ml
7.	Kinematic Viscosity at 40°C	= 3.47cSt
8.	Sulphur Content	= 10 ppm
9.	Distillation-IBP, °C	= 163°C
	Temperature at 50% recovery	= 287°C
	% Recovery at 350°C	= More than 85% by vol.
	% Recovery at 360°C	= More than 95% by vol.
10.	Cetane Index	= 59.6
11.	Cetane Number	= To be done at refinery end
12.	Pour point	= Less than 15°C
13.	Copper strip corrosion	= Class 1
14.	Cold Filter Plugging Point	= -6°C
15.	Cloud point	= -3°C
16.	Oxidation stability	= Parameter is to be determined at manufacturers end only (Refer to IS 1460)
17.	Oxidation stability (for diesel fuel having FAME above 2%)	= Not applicable as sample is free from FAME
18.	Lubricity	= 450
19.	FAME content	= Absent
20.	PAH	= Less than 8% by mass
21.	Water	= Less than 200ppm

Point wise reply to queries raised is as the following:
B. The sample does not confirm to the specification of declared goods i.e., Distillate Marine Fuel IS 16731.
C. The sample meets all the parameters of Automotive Diesel Fuel not containing bio-diesel (IS 1460).
The sample also meets all the parameters of HFHSD (IS 16861).
D. No adulteration observed.
E. It is non-hazardous.
Sealed remnant sample returned herewith.

End of the Report

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Chemical Examiner Grade-1
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Custom House Laboratory
सीमा शुल्क भवन, विशाखापत्तनम-530 035
Custom House-Visakhapatnam-530 035

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

7.4.3.1 On comparison of the specifications prescribed for (a) Distillate Marine Fuel (IS 16731), (b) Automotive Diesel Fuel not containing Bio-diesel (IS 1460), (c) HFHSD (IS 16861) viz-a-viz Tested Parameters in respect of samples drawn from the Distillate Fuel Oil, it is amply clear that most vital parameters / specifications are far from the limits prescribed for (a) Distillate Marine Fuel of IS 16731 and are most akin to (b) Automotive Diesel Fuel not containing Bio-diesel (IS 1460) OR (c) HFHSD (IS 16861). This fact can be better understand through the chart shown below, which clearly shows deviation of Test Result in respect of vital parameters from the declared description of the goods i.e. Distillate Fuel Oil.

Sr No.	**Parameters**	**HFHSD (IS 16861)**		**ADF (IS 1460)**		**DFO (DMX) (IS- 16731)**		**TEST RESULT (BE-7834154) (CRCL Vizag) (TM-30)**	**Remarks / Conclusion**
1	Distillation, percent v/v, recovered at 360°C, Min	Yes	at 350 - 85% at 370- 95%	Yes	95	**No**		More than 95%	Akin to ADF/ HFHSD
	Initial Boiling Pint							163	
	Temperature at 50% recovery							287	
	% Recovery at 350 c	Yes	85					More than 85% by vol.	
	% Recovery at 370 c	Yes	95					More than 95% by vol.	
2	Flash point* :								
	a) Abel, °C, Min	No		Yes	35	**No**		71	
	b) Pensky	Yes	66			Yes	43	71	Akin to

	Martens closed cup4), °C, Min								HFHSD
3	Density at 15°C5), kg/m3	Yes	860 (Max)	Yes	810-845	**No**	-	833	Akin to ADF/ HFHSD
4	Total sulphur7), mg/kg, Max	Yes	20	Yes	10	Yes	10000	10	Akin to ADF
5	Lubricity corrected wear scar diameter (wsd 1.4) at 60°C, microns, Max	Yes	520	Yes	460	Yes	520	450	Akin to ADF

7.4.3.2 It is seen from the comparison in the above Table that vital parameters are at variance from the prescribed parameters of DFO (IS 16731) and are akin to HFHSD (IS-16861) / ADF (IS-1460).

7.4.3.3 The parameters like Sulphur Content (10 ppm/0.001 %mass) & Lubricity (450 µm) of the sample are in complete alignment to the prescribed parameters of (b) Automotive Diesel Fuel not containing Bio-diesel (IS 1460) but very far from the prescribed parameters of (c) Distillate Fuel Oil (IS 16731), therefore, based on these two parameters the import goods are most akin to ADF (IS 1460).

7.4.3.4 Apart from this, another important parameter of Flash Point (71) is in total alignment with the prescribed parameter of (a) HFHSD (IS 16861) but is very far from the prescribed parameter of (c) Distillate Fuel Oil (IS 16731), therefore, based on parameter of Flash Point also, the imprt goods are most akin to HFHSD (IS-16861).

7.4.3.5 Furthermore, two more parameters viz. Density (833) and Distillation % recovery (v/v) are important to distinguish the sample between DFO and HFHSD / ADF and tested parameters in respect of these two show close alignment with both (a) HFHSD (IS 16861) and (b) Automotive Diesel Fuel not containing Bio-diesel (IS 1460), therefore, based on these parameters also, the import goods are most akin to HFHSD (IS-16861) and ADF (IS 1460).

7.4.3.6 In view of the above, the vital tested parameters of the sample like Sulphur Content, Lubricity and Flash Point are not matching with the parameters of Distillate Fuel Oil (IS 16731). Further, all tested parameters are meeting the parameters of HFHSD (IS 16861) and ADF (IS 1460). Thus, the Chemical Examiner had rightly and categorically opined that ***"the sample does not confirming to the specification of declared goods i.e. Distillate Marine Fuel of IS 16731 and it meets all the parameters of Automotive Diesel Fuel not containing Bio-diesel (IS 1460) and it also meets all the parameters of HFHSD (IS 16861)".*** Thus, the imported goods are not as per the declared description of the goods and have been mis-declared as "Distillate Fuel Oil confirming to IS 16731:2019 (ISO 8217L2017) and also mis-classified under Customs Tariff Item 2710 19 61 of the Customs Tariff (Import Tariff).

7.4.4 The Test Reports in respect of both samples categorically mentioned that the sample meets all the parameters of Automotive Diesel Fuel not containing bio-diesel (as per IS 1460) and all the parameters of HFHSD (as per IS 16861). Moreover, Test Reports are issued after testing all the 21 parameters prescribed under IS 1460 while drawing up the above conclusion. It is observed from the Test Reports that all relevant parameters mandated by the Hon'ble Supreme Court in ***Gastrade International v. Commissioner of Customs, Kandla***, have been duly tested by the laboratory and the Chemical Examiner have made scientific analysis of the tested parameters and provided analytical and logical conclusion to determine the true and exact nature and description of the imported goods. Thus, the Test Report of CRCL Visakhapatnam has unequivocally brought out that the imported goods are not "Distillate Fuel Oil confirming to IS 16731:2019 (ISO 8217:2017)" but instead fulfill all the parameters of Automotive Diesel Fuel, not containing bio-diesel (IS : 1460) and HFHSD (IS 16861).

7.4.5 It is also pertinent that tested parameters of Sulphur and Lubricity are most akin to ADF, therefore, the Sample of the goods pertaining to Bill of Entry No. 7611863 dated 18.02.2026 appears to be most akin to "Automotive Diesel Fuel not containing bio-diesel (IS 1460:2025)", *hence,* the imported goods are correctly classifiable under CTI 2710 1944 instead of the declared CTI 2710 1961. Further, 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: ---- **Automotive diesel fuel, not containing biodiesel, conforming to standard IS 1460***" covered under CTI 27101944, is restricted, and the same can only be imported subject to Policy Condition No. 5 of Chapter 27.

7.4.6 The classification of the goods is governed by the General Rules for the Interpretation (GIR) of the Harmonized Systems. Rule 4 of GIR further provides that goods which cannot be classified in accordance with the above rules shall be classified under the heading appropriate to the goods to which they are ***"most akin".*** Thus, in view of the Test Reports and General Rule of Interpretation, it appears that said importer has imported restricted goods i.e. ***"Automotive diesel fuel, not containing biodiesel, conforming to standard IS 1460"*** by mis-declaring the same as 'Distillate

Fuel Oil' in the said consignment. Accordingly, the said imported goods are liable for confiscation under the provisions of Section 111(m) of the Customs Act, 1962 and were appropriately placed under seizure under Section 110 of the Customs Act, 1962 vide Seizure Memo dated **17.03.2026.**

7.4.7 The above test report in respect of Bill of Entry No. 7611863 dated 18.02.2026 clearly corroborates and confirms the gist of intelligence of attempted import of restricted goods in as much as Automotive Diesel Fuel (ADF), conforming to the parameters and specifications of **IS 1460** is RESTRICTED for import as per the Foreign Trade Policy issued by the DGFT.

7.4.8 During the course of inquiry / investigation, the importer stated the following facts pertaining to import of the consignment of Distillate Fuel Oil :-

a) The importer is importing Distillate Oil and major portion thereof is sold for trading purpose. This fact is also evident from the sales data of the importer which indicates Sales of Distillate Fuel Oil in considerable quantity.

b) The importer has purchased / procured the consignment of Distillate Fuel Oil on the basis of verbal commitment / agreement which later on culminated into Sales & Purchase Agreement with the overseas supplier i.e. M/s. Sun Petrochem FZC, Sharjah, UAE. The importer contended that the said supplier i.e. M/s. Sun Petrochem FZC, Sharjah, UAE is a Manufacturer / Refiner, eventhough, the supplier have not provide documentary proof viz. Manufacturers' Catalogue / Literature pertaining to the product under import.

c) The importer does not possess any Technical Literature and Catalogue of the import product, in support of the true and correct description of the goods though, the supplier is claimed to be the Manufacturer or Refiner of the import goods. The importer is solely relying on the Certificate of Analysis (COA) issued by the Supplier in support of description of the goods, Further, there is no Third Party Independent Inspection Report by any Internationally Recognized agency to substantiate the Declared Description of the goods. Thus, there is no other documents or mechanism to show the authenticity of the goods supplied by the supplier and imported by the importer in respect of the said consignment, except Certificate of Analysis (COA) issued by the supplier, therefore, such Certificate of Annalysis cannot be relied upon and is liable to be discarded and Test Report issued by CRCL, Visakhapatnam is to be relied upon being a Government Laborator.

d) The written contract, for import of the goods, have been executed between transacting parties (as per clause 8 of Sales & Purchase Agreement dated 30.01.2026), however, same have not been followed. Certificate of Analysis from the Third Party International Recognized Inspection Agency was not provided and Sellers have issued Certificate of Analysis at their own and the Importer has considered the same without insisting on

the Test Report from Independent Recognized Agency.

e) Shri Hasmukh Dave, Director of the Importer Company, during the course of recording his statement, deposed that he is in agreement with the Tested Parameters as per the Test Reports dated 16.03.2026 issued by CRCL, Visakhapatnam. Based on the said Tested Parameters and in view of the discussion in foregoing paras, it is clearly evident that the imported goods are not "Distillate Fuel Oil" but "Automotive Diesel Fuel (ADF)".

f) The major portion of goods being purchased / procured by the importer from the overseas suppler are sold by them for further trading in India. The importer is also not aware of the exact End-use of the imported goods or do not have any mechanism to show that the goods are in fact sold or used as per the scope of Indian Standard i.e. IS 16731 (Distillate Fuel Oil). The Director of the Company has also given evasive reply when asked about the ultimate usage of the traded goods. His claim of agreement with tested parameters while simultaneously disagreeing the inference drawn in the CRCL reports is not based on any cogent reasons.

7.4.9 In view of the above factual matrix of transaction between the importer and supplier of the consignment of import of Distillate Fuel Oil, there appears to be no due diligence shown by transacting parties to demonstrate the true and correct nature of the goods under import. Moreover, absence of Catalogue / Technical Literature from the Manufacturer / Refiner indicating the accurate Description of the Goods makes the subject consignment and transaction of import of goods unusual, uncommon and abnormal, so far as authenticity of the goods is concerned.

7.5.1 As regards the General Purpose Thinner, the Chemical Examiner, Custom House Laboratory, Visakhapatnam have, based on the result of the tested parameters, replied to all the queries raised and determined the correct and exact description of the goods. The result of the Chemical Tests in respect of 02 (Two) Test Reports are similar and reveal that the sample is other than General Purpose Thinner confirming to IS 14314:2022 as it contains small amount of aromatic hydrocarbons and does not contain any non-hydrocarbon additives like Alcohols, Acetates and Chlorinated solvents which is headed to make up the composite Solvent / Thinner, therefore, the said goods do not fulfill the purpose of Thinner (General Purpose) as well as Thinner / Solvent of Section VI of CT (3814). The Chemical Examiner categorically indicated that the tested sample meet the specification of Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018 and Kerosene IS:1459.

7.5.2 The specimen of one such Test Report of General Purpose Thinner is scanned below for better understanding of the total parameters tested by the laboratory in order to arrive at the scientific evaluation of the sample of the import goods.

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

TEST REPORT **Date: 13.03.2026**

Lab No: 789-DRI / Dated:03.03.2026
F.No: DRI/JRU/INQ-09/2025-26 Dated: 28.02.2026
Test Memo No: 32/2025-26
B.E. No: 7608100 Dated: 18.02.2026
Sample Received from: Senior Intelligence officer, (DRI), Sub. R.U., Bhavnagar.
Description of Sample: General Purpose Thinner (Confirming IS 14314:2022) (Industrial Use Only) CTH 38140019 (CTH 27101990)
Date of Receipt: 03.03.2026
Sample Plan: Sample not Drawn by this laboratory.
Result: The sample is in the form of clear, colourless, odourless, free flowing liquid. It is composed of petroleum hydrocarbons, having following characteristics.

1.	Appearance	= clear & bright, free from sediments, suspended matter & undissolved water
2.	Acidity, Inorganic	= Nil.
3.	Burning quality	= This test to be done at refinery end.
4.	Colour	= +25.
5.	Copper strip corrosion for 3h at 50°C	= 1a.
6.	Density at 15°C	= 0.7840 g/ml
7.	Distillation: IBP, °C	= 133°C
	% Recovery below 200°C	= 84% by vol.
	FBP, °C	= 236°C
8.	Flash Point (Abel), °C	= 50.0°C
9.	Smoke Point	= 21 mm.
10.	Total Sulphur Content	= Less than 10 ppm.
11.	Aromatic content (by GCMS)	= Less than 5%.
12.	Residue on evaporation	= Nil

Point wise reply to queries raised is as the following:

18. The sample is other than Transformer Oil.

19. The sample is other than Base Oil.

20. It is non-hazardous.

21. A) The sample is other than general purpose Thinner confirming to IS: 14314:2022, as the sample contains small amount of aromatic hydrocarbons. This does not comply with the description requirements of thinners (General purpose) IS: 14314, as absence of sufficient amount of aromatic content, it will not fulfil the purpose of Thinner.

(B) The sample does not meet the requirements of Thinner/Solvents of Section VI of CT (3814) as the sample does not contain any non-hydrocarbon additives like Alcohols, Acetates, and Chlorinated Solvents which makes them composite Solvent / Thinners.

22. The sample also meets the specification of Petroleum Hydrocarbon Solvents (125/240) IS: 1745:2018.

23 & 24. The sample also meets the specification of Kerosene IS: 1459, However the sample is other than HFHSD (IS 16861), Automotive Diesel Fuel (IS 1460), Gas Oil (IS 17789), Vaccum Gas Oil (IS 17792), Motor Spirit/Gasoline (IS 2796, IS 17021, IS 17586, IS 17076), Light Diesel Oil (IS 15770).

Sealed remnant sample returned herewith.

End of the Report

प्रदीप मारु / PRADEEP MAROO
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Chemical Examiner Grade-1
सीमा शुल्क प्रयोगशाला
Custom House Laboratory
सीमा शुल्क (ज, विशा...
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Note 1: The results relate only to the items tested.
Note 2: Sample not Drawn by this laboratory.
Note 3: The report shall not be reproduced except in full without approval of this laboratory.
Note 4: The analysis carried out at specified environmental conditions as per test method.

7.5.3 The importer has declared the Description of the Goods as "General Purpose Thinner confirming to IS 14314 and self-assessed / classified the same under CTI 38140019. As per the Customs Tariff, Organic Composite Solvent and Thinner, not elsewhere specified or included" is described against Customs Tariff Item 3814 00

19. Thus, the plain reading of the said CTI envisages that "Organic Composite Solvent and Thinner" which are not elsewhere specified under Customs Tariff, will attract CTI 38140019. Moreover, the said CTI-3814 00 19 nowhere specific or mandates that to qualify the goods for the said CTI, the description of the goods should confirm to IS 14314, which is meant for General Purpose Thinner for Synthetic Paints and Varnishes.

7.5.4 On juxtaposing of the specifications prescribed for (a) General Purpose Thinner, for Synthetic Paints and Varnishes of IS 14314, (b) Petroleum Hydrocarbon Solvent of IS 1745, (c) KEROSENE (IS 1459) viz-a-viz Tested Parameters in respect samples drawn from the General Purpose Thinner, it is amply clear that the imported goods satisfied many vital parameters / specifications of (b) Petroleum Hydrocarbon Solvent of IS 1745 e.g. Colour, Initial Boiling Point (IBP), Final Boiling Point (FBP), Aromatic Content etc. and also some vital parameters / specifications of (c) KEROSENE (IS 1459) e.g. smoke point and Sulphur Content.

7.5.5 The Chemical Examiner has, based on tested parameters, observed that presence of small amount of Aromatic Content / Hydrocarbon will not serve the purpose of thinner as it will be difficult to dissolve resins and polymers in paint. The Technical Analysis and Evaluation by the Chemical Examiner is an expert opinion, therefore, is reliable for the purpose of arriving at the true and correct Description of the goods.

7.5.6 In view of the above, the Chemical Examiner has rightly and categorically opined that ***"sample is other than General Purpose Thinner confirming to IS 14314:2022 as it contains small amount of aromatic hydrocarbons and does not contain any non-hydrocarbon additives like Alcohols, Acetates and Chlorinated solvents which make them composite Solvent / Thinner, therefore, the said goods do not fulfill the purpose of Thinner (General Purpose) as well as Thinner / Solvent of Section VI of CT (3814)".*** The Chemical Examiner categorically indicated that sample meets the specification of Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018 and Kerosene IS:1459.Thus, the imported goods appear to be not as per the declared description of the goods and have been mis-declared as "General Purpose Thinner confirming to IS 14314" and have also been mis-classified under Customs Tariff Item 3814 00 19 of the Customs Tariff (Import Tariff).

7.5.7 The Test Reports in respect of both samples clearly indicate that the sample meets vital parameters like Colour, Initial Boiling Point, Final Boling Point, Aromatic Content etc. and the Chemical Examiner have made scientific analysis of the tested parameters and provided analytical and logical opinion to determine the true and exact nature and description of the imported goods. Thus, the Test Report of CRCL Visakhapatnam has clearly brought out that the imported goods are not "General Purpose Thinner confirming to IS 14314" but fulfill the parameters of "Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018" and also of "Kerosene IS:1459".

7.5.8 It is also pertinent that tested parameters of Boiling Range and Aromatic Content are most akin to Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018,

therefore, the Sample of the goods pertaining to Bill of Entry No. 7611863 dated 18.02.2026 appears to be most akin to **"Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018"**, ***therefore,*** the imported goods are correctly classifiable under CTI 2710 1920 instead of the declared CTI 3814 00 19. Further, as per Schedule 1 Import Policy under ITC (HS), 2022 for Chapter-27 (Mineral Fuels, Mineral Oils, etc.), import of **"Other" ---- "Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018"** covered under CTI 3814 00 19, is restricted into India, and the same can only be imported subject to Policy Condition No. 5 of Chapter 27.

7.5.9 The classification of the goods is governed by the General Rules for the Interpretation (GIR) of the Harmonized System. Rule 4 of GIR provides that goods which cannot be classified in accordance with the above rules shall be classified under the heading appropriate to the goods to which they are ***"most akin".*** Further, in CTI - 3814 00 19 i.e. Organic Composite Solvent and Thinner, not elsewhere specified or included", the word/phrase "... not elsewhere specified or included" is quite significant and prescribes that when the goods of the Description "Organic Composite Solvent and Thinner" are classifiable in another CTI, it would not fall in CTI-3814 00 19. Therefore, the subject imported goods being most akin to **"Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018"** cannot be classified under CTI 38140019. Thus, in view of the Test Reports and General Rule of Interpretation, it emerges that said importer has imported restricted goods i.e. **"Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018"** by mis-declaring the same as 'General Purpose Thinner' in the said consignment. Accordingly, the said imported goods are liable for confiscation under the provisions of Section 111(m) of the Customs Act, 1962 and were appropriately placed under seizure under Section 110 of the Customs Act, 1962 vide Seizure Memo dated **17.03.2026.**

7.5.10 The above test report in respect of Bill of Entry No. 7608100 dated 18.02.2026 clearly corroborates and confirms the gist of intelligence of attempted import of restricted goods in as much as **"Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018"** are RESTRICTED for import as per the Foreign Trade Policy issued by the DGFT.

7.5.11 During the course of inquiry / investigation, the importer stated the following facts pertaining to import of the consignment of General Purpose Thinner :-

a) The importer is importing General Purpose Thinner for trading purpose is not in dispute.

b) The importer has purchased / procured the consignment of General Purpose Thinner on the basis of verbal commitment / agreement which later on culminated into Sales & Purchase Agreement with the overseas supplier i.e. M/s. Kleen Lube Refinery LLC, Ras-Al-Khaiman, UAE. The importer contended that the said supplier i.e. M/s. Kleen Lube Refinery LLC, Ras-Al-Khaiman, UAE. is a Manufacturer / Refiner, even though, the supplier have not provide documentary proof viz. Manufacturers'

Catalogue / Literature pertaining to the product under import.

c) The importer does not possess any Technical Literature and Catalogue of the import product, in support of the true and correct description of the goods though, the supplier is claimed to be the Manufacturer or Refiner of the goods. The importer is solely relying on the Certificate of Analysis (COA) issued by the Supplier in support of description of the goods, Further, there is no Third Party Independent Inspection Report by any Internationally Recognized agency to substantiate the Declared Description of the goods. Thus, there is no other documents or mechanism to show the authenticity of the goods supplied by the supplier and imported by the importer in respect of the said consignment, except Certificate of Analysis (COA) issued by the supplier, therefore, such Certificate of Analysis cannot be relied upon and is liable to be discarded. Test Report issued by CRCL, Visakhapatnam is rightly being relied upon being Government Laboratory.

d) The written contract, for import of the goods, have been executed between transacting parties (as per clause 8 of Sales & Purchase Agreement), however, same have not been followed. Certificate of Analysis from the Third Party International Recognized Inspection Agency was not provided, and Sellers have issued Certificate of Analysis at their own. Importer has considered the same without insisting on a Test Report from Independent Recognized Agency.

e) Further, Copy of Certificate of Origin No. 218938 dated 30.01.2026 issued by the Ras-Al-Khaimah Chamber indicates the Name of exporter as Kleen Tube Refinery LLC, Ras-Al-Khaimah and consignee as Sainath Industrial Fuels Private Limited. On careful perusal of the said COO Certificate, it is observed that it bears Invoice No. and Date as 26-005/2026-01-29 but does not contain any other particulars such as "Marks & Number", "Description of Goods (Including Brand Name, if Necessary) and "Quantity & Unit", therefore, the said Certificate also appears to be dubious.

f) Shri Hasmukh Dave, Director of the Importer Company, during his statement, deposed that he is in agreement with the Tested Parameters as per the Test Reports dated 13.03.2026 issued by CRCL, Visakhapatnam. Based on the said Tested Parameters and in view of the discussion in foregoing paras, it is clearly brought out that the imported goods are not a "General Purpose Thinner" but **"Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018"**.

g) The goods so purchased / procured by the importer from the overseas suppler are sold by them for further trading in India, therefore, the importer is also not aware of the exact End-use of the imported goods and have no mechanism to show that the goods are in fact sold or used as per the scope of Indian Standard i.e. IS 14314 (General Purpose Thinner). The Director of the Company has also given evasive reply when asked about the ultimate usage of the traded goods.

7.5.12 In view of the above factual matrix of transaction between the importer and supplier of the consignment of import of General Purpose Thinner, there appears to be no due diligence shown by transacting parties to demonstrate the true and correct nature of the goods under import. Moreover, absence of Catalogue / Technical Literature from the Manufacturer / Refiner indicating the accurate Description of the Goods makes the subject consignment and transaction of import of goods unusual, uncommon and abnormal, so far as authenticity of the goods is concerned.

8. RELEVANT LEGAL PROVISIONS:

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

"Import allowed through IOC subject to para 2.21 of Foreign Trade Policy, except for the companies who have been granted rights for marketing of transportation fuels in terms of Ministry of P&NGs Resolution No. P23015/1/2001-MKT. Dated 8.3.2002 including HPCL, BPCL and IBP who have been marketing transportation fuels before this date."

8.2 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.

8.3 Relevant Sections of the Customs Act, 1962:

SECTION 111. Confiscation of improperly imported goods, etc. –

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

(a) ...

(b) ...

(c) ...

(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 1 [arrival manifest or 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 trans-shipment, with the declaration for trans-shipment referred to in the proviso to sub-section (1) of* ***section 54****;*

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.*

SECTION 2(23), 2(25), 2(33) & 2(39) OF THE CUSTOMS ACT, 1962:

- *Section 2(23) – "**import**", with its grammatical variations and cognate expressions, means bringing into India from a place outside India;*
- *Section 2(25) – "**imported goods**" means any goods brought into India from a place outside India, but does not include goods which have been cleared for home consumption;*
- *Section 2(33) – "**prohibited goods**" means any goods the import or export of which is subject to any prohibition under this Act or any other law for the time being in force, but does not include any such goods in respect of which the conditions subject to which the goods are permitted to be imported or exported have been complied with;*
- *Section 2(39) – "**smuggling**", in relation to any good, means any act or omission which will render such goods liable to confiscation under Section 111 or Section 113;*

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

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

.....

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

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

Provided that .....

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

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

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

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

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

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

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

(3) (a) If neither the imported goods nor identical nor similar imported

goods are sold in India in the condition as imported, then, the value shall be based on the unit price at which the imported goods, after further processing, are sold in the greatest aggregate quantity to persons who are not related to the seller in India.

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

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

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

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

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

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

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

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

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

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

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

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

(iii) the price of the goods on the domestic market of the country of exportation;

(iv) the cost of production other than computed values which have been determined for identical or similar goods in accordance with the provisions of rule 8;

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

(vi) minimum customs values; or

(vii) arbitrary or fictitious values.

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

9. MISDECLARATION AND MISCLASSIFICATION OF THE GOODS IMPORTED:

9.1 The importer imported two consignments viz. (1) Distillate Fuel Oil claimed to be confirming to IS 16731:2019 (ISO 8217:2017) and declared the same in the Bill of Entry by classifying under CTI 27101961 of the Customs Tariff (Import Tariff) and (2) General Purpose Thinner claimed to be confirming to IS 14314 and declared the same in the Bill of Entry by classifying under CTI 38140019.

9.2 As discussed in detail in the forgoing paras, the testing of the representative samples of the import consignments by Custom House Laboratory (CRCL), Visakhapatnam revealed that :-

(a) The samples of goods declared as "Distillate Fuel Oil" were other than Distillate Marine Fuel of IS 16731 but met all the parameters of Automotive Diesel Fuel not containing Bio-diesel (IS 1460) and also met all the parameters of HFHSD (IS 16861);, and

(b) The samples of goods declared as "General Purpose Thiner" were other than General Purpose Thinner confirming to IS 14314 as they did not meet the requirements of Thinner / Solvent of Section VI of CT (3814) but met the specification of Petroleum Hydrocarbon Solvent (125/240) IS 1745:2018 and of Kerosene IS:1459.

9.3.1.1 As discussed in foregoing paras, by virtue of Rule (4) of GIR read with Test Report issued by CRCL, Visakhapatnam, the imported goods declared as Distillate Fuel Oil are found to be "most akin" to ***IS: 1460 i.e. "Automotive diesel fuel, not containing biodiesel, conforming to standard IS 1460", therefore,*** *the said goods are* classifiable under CTI 2710 1944 instead of the declared CTI 2710 1961. Further, 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: ---- Automotive diesel fuel, not containing biodiesel, conforming to standard IS 1460***" covered under CTI 27101944, is restricted into India, and the same can only be imported subject to Policy Condition No. 5 of Chapter 27 by state trading enterprises.

9.3.1.2 Further, import of the said goods is subject to policy condition 5, which is reproduced below:

(5) 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&NG's Resolution No. P23015/1/2001-MKT dated 08.03.2002 including HPCL, BPCL & IBP who have been marketing transportation fuels before this date.

9.3.1.3 Thus it is evident that the Automotive Diesel Fuel as per IS-1460 covered under CTI 27101944, is allowed to be imported only by the State Trading Enterprises. Further the policy conditions stipulate that import is 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 & NG's Resolution No. P 23015/1/2001-MKT dated 08.03.2002 including HPCL, BPCL & IBP who have been marketing transportation fuels before this date.

9.3.2.1 As discussed in foregoing paras, by virtue of Rule (4) of GIR read with Test Report issued by CRCL, Visakhapatnam, the imported goods declared as General Purpose Thinner are found to be "most akin" to **"Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018"**, ***therefore,*** *the said goods are* classifiable under CTI 2710 1920 instead of declared CTI 23814 00 19. Further, 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: ---- Other***" covered under CTI 27101920, is restricted into India, and the same can only be imported subject to Policy Condition No. 5 of Chapter 27 by state trading enterprises. Further, import of the said goods is subject to policy condition 5, which is reproduced above at Para 9.3.1.2:

9.3.2.2 Thus it is evident that the **Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018"** covered under CTI 27101920, is allowed to be imported only by the State Trading Enterprises. Further the policy conditions stipulate that import is 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 & NG's Resolution No. P 23015/1/2001-MKT dated 08.03.2002 including HPCL, BPCL & IBP who have been marketing transportation fuels before this date.

9.3.3 Thus, M/s. Sainath Industrial Fuels Private Limited have imported **Automotive Diesel Fuel** and declared the same as **Distillate Fuel Oil** as well as have imported **Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018** and declared the same as **General Purpose Thinner**, thereby, mis-declaring the imported goods as well as mis-classifying the same under CTI 27101961 and 3814 00 19 respectively, instead of the correct classification under CTI 27101944 and CTI 27101920 respectively. Thus, the importer has violated the provisions of Foreign Trade Policy and Customs Act, 1962.

9.4 In terms of Para 2.20 of the Foreign Trade Policy 2015-2020, State Trading Enterprises (STEs) are governmental and non-governmental enterprises,

including marketing boards, which deal with goods for export and/or import. M/s. Sainath Industrial Fuels Private Limited has not submitted any evidence indicating that they qualify in terms of the above statutory provision for import of Automotive Diesel Fuel as per IS 1460 and for import of **Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018**. Thus, the goods in the instant case appear to have been imported in clear violation of the Policy notified vide Notification No. 36/2015-2020 dated 17/01/2017 issued under Section 5 of the Foreign Trade (Development &Regulation) Act, 1992 read with Para 2.01 of the Foreign Trade Policy, 2015-2020.

9.5 The Policy Conditions of Foreign Trade Policy (FTP) flow from Section 3 of the Foreign Trade (Development and Regulation) Act, 1992. Further in terms of Section 3(3) of the Foreign Trade (Development and Regulation) Act, 1992, 'All goods to which any Order under sub-section (2) applies shall be deemed to be goods the import or export of which has been prohibited under section 11 of the Customs Act, 1962 and all the provisions of that Act shall have effect accordingly'.

9.6 Further, in terms of Section 2 (33) of the Customs Act, 1962 "**prohibited goods**" means any goods the import or export of which is subject to any prohibition under this Act or any other law for the time being in force but does not include any such goods in respect of which the conditions subject to which the goods are permitted to be imported or exported have been complied with.

9.7 It emerges from the above that import of "***Automotive Diesel Fuel conforming to standard IS:1460***" and **Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018** into India is subject to Policy Condition No. 5 of Chapter 27 of Customs Tariff, therefore, the importer has violated the provisions of import of the said imported goods, since the importer is neither STE nor possesses a license to import the same. Therefore, it clearly emerges 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 Section 111 (d) of the Customs Act, 1962.

10. VALUATION OF THE IMPORT GOODS :

10.1 From the foregoing paras, it is evident that M/s. Sainath Industrial Fuels Private Limited, was involved in mis-declaration of goods in terms of description and classification, therefore, the declared value in the corresponding Bills of Entry is not acceptable as true transaction value and merits rejection in terms of Section 14 of Customs Act, 1962 read with Rule 12 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. As such, the value is required to be re-determined by sequentially proceeding from Rules 4 to 9 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. Since exact comparative data in respect of the import goods covered under the subject consignments are not available in absence of clear descriptions and mis-declaration on the part of the importer, the value of the subject import consignments cannot be determined as per the provisions of Rule 4to Rule 8 to the Customs Valuation (Determination of value of Imported goods) Rules, 2007. Since the goods cannot be fully compared with similar/identical imports as the

same are restricted goods, their value appears to be determinable under Rule 9 (Residual method) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 read with sub-section (1) of Section 14 of Customs Act, 1962 and on the basis of objective and quantifiable data available in India. For valuation of the seized goods-ADF, the prevailing market rates of the goods in the 3rd week of March-2026 were taken, such as invoices generated by M/s Nayara Energy Limited for "*Automotive Diesel Fuel conforming to standard IS:1460*" (ADF) @ Rs 54006.17/KL **(RUD-12)** as well as For valuation of the seized goods - Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018, the prevailing market rates of the goods in 2nd Week of February, 2026 were taken, such as invoice generated by M/s. Nayara Energy Limited for Mineral Turpentine Oil (Solvent 125/240) @ - Rs.82800.00/KL **(RUD-13)**. On perusal of these two invoices issued by M/s. Nayara Energy Limited, it is seen that they have sold the goods to the independent and unrelated buyers in local market in the normal course of trade. Further, the basis price of the goods has been shown separately therein and component of taxes to be added have also been shown separately. Hence, while adopting the price for re-determination of the value of these two consignments, the Basic Price shown in such invoices only have been considered for the purpose of valuation of the subject goods. Accordingly, in terms of Rule 9 of the Customs Valuation Rules, 2007, the above price is proposed to be adopted for the offending goods in this case.

10.2 Further, import of "Automotive Diesel Fuel *(ADF) as per IS 1460:2025*" and "Hydrocarbon Solvents (125/240) IS:1745:2018" are restricted into India, and the same can only be imported subject to Policy Condition No. 5 of Chapter 27 of Customs Tariff, which stipulates that only '*import is allowed through IOC subject to para 2.21 of Foreign Trade Policy, except for the companies who have been granted rights for marketing of transportation fuels in terms of Ministry of P&NGs Resolution No. P23015/1/2001-MKT. Dated 8.3.2002*' to import the same. It therefore transpires that said importer mis-declared restricted goods i.e. "Automotive Diesel Fuel *(ADF) as per IS 1460:2025*" as "Distillate Fuel Oil" and "Hydrocarbon Solvents (125/240) IS:1745:2018" as "General Purpose Thinner" in the subject consignments.

10.3 As discussed above, the consignments covered under Bill of Entry No. 7611863 dated 18.02.2026 and No. 7608100 dated 18.03.2026 appeared to be akin to "*Automotive Diesel Fuel (ADF) as per IS 1460:2025*" and "Hydrocarbon Solvents (125/240) IS:1745:2018". The outcome of the test reports indicate that the invoice value declared by the importer does not reflect the actual value of the goods. Since the goods were mis-declared in the respective Bills of Entry, the declared assessable value of **Rs.13,47,05,620/-** and **Rs.20,34,96,533/-** in the Bills of Entry cannot be accepted as the true "transaction value" under Section 14 of the Customs Act, 1962, and is liable to rejection under Rule 12 of the CVR, 2007.

10.4 Accordingly, for valuation purpose, to arrive at a fair and reasonable value within the framework of law and procedures under the Valuation Rules, the invoice of "*Automotive Diesel Fuel (ADF)* data dated 14.03.2026 from M/s Nayara Energy Limited was referred and the base price was noted as Rs. 54006.17/KL as well as the invoice of "Hydrocarbon Solvents (125/240) data dated 15.02.2026 from M/s.

Nayara Energy Limited was referred and the base price was noted as Rs.82800.00/KL. Based on this, the re-determined value of the consignment of "*Automotive Diesel Fuel (ADF) as per IS 1460:2025*" by way of conversion from MTS into KL using average density of as reported by Custom House Laboratory, Visakhapatnam) is Rs. 20,78,64,780/-, in terms of provisions of Rule 9 of the CVR, 2007, as per calculation given in the below Table. Similarly, the re-determined value of the consignment of "Hydrocarbon Solvents (125/240)(IS:1745L2018) by way of conversion from MTs into KL using average density as reported by Custom House Laboratory, Visakhapatnam is Rs. 31,94,18,802/-. Thus, the value of the goods i.e. Automotive Diesel Fuel (ADF) and "Hydrocarbon Solvents (125/240)(IS:1745L2018)" as per the test reports of the CRCL, Visakhapatnam, is determined as below: Custom House Laboratory, Visakhapatnam), is Rs. 52,72,83,582/-, in terms of provisions of Rule 9 of the CVR, 2007, as per calculation given below in the Table.

Table-IV

Sl. No.	**Bill of Entry No. & date**	**Sample Test Result**	**Declared Description**	**Quantity (in MTs & in KLs)**	**Declared value as per BoE**	**Re-determined Value (In Rs.)**
01	7611863 dated 18.02.2026	Automotiv e Diesel Fuel (ADF)	Distillate Fuel Oil	3206.140 MTS /0.8330 = 3848.908 KL	13,47,05,620/-	20,78,64,780/-
02	7608100 dated 18.02.2026	Hydro-carbon Solvent	General Purpose Thinner	3027.149 MTS /0.7847 = 3857.715 KL	20,34,96,533/--	31,94,18,802/-
Total				**6233.289 MTS = 7706.623 KL**	**33,82,02,153/-**	**52,72,83,582/-**

Therefore, the said goods having declared value of Rs. 33,82,02,153/-and re-determined value of Rs. 52,72,83,582/- as per Table-IV, are liable for confiscation under Section 111(d) and 111(m) of the Customs Act, 1962.

11.0 ROLE AND LIABILITY OF PERSONS INVOLVED:

11.1 During the course of inquiry / investigation, the importer stated the following facts pertaining to import of subject two consignments:-

a) The importer is importing Petroleum Oils i.e. Distillate Oil for trading / manufacturing purpose and General Purpose Thinner exclusively for Trading purpose (for Industrial Use only).

b) The importer has purchased / procured the two consignments viz. Distillate Fuel Oil and General Purpose Thinner, initially on the basis of verbal commitment / agreement, which culminated later on into Sales & Purchase Agreement with the overseas supplier i.e. M/s. Sun Petrochem FZC, Sharjah, UAE and M/s. Kleen Lube Refinery LLC, Ras-Al-Khaimah, UAE respectively. The importer contended that the said suppliers i.e. M/s. Sun Petrochem FZC, Sharjah, UAE and M/s. Kleen Lube Refinery LLC, Ras-Al-Khaimah, UAE. are Manufacturer / Refiner, even though, the said suppliers have not provided documents like Manufacturers' Catalogue / Literature pertaining to the product under import to verify the correctness and authenticity of the goods under import.

c) Thus, the importer does not possess any Technical Literature and Catalogue of the import product, in support of the true and correct description of the goods though, the suppliers are claimed to be the Manufacturer or Refiner of the goods. The importer is solely relying on the Certificate of Analysis (COA) issued by the Supplier in support of description of the goods. Further, there is no Third Party Independent Inspection Report by the Internationally Recognized agency to substantiate the Declared Description of the goods. Thus, there are no other documents or mechanism to show the authenticity of the goods supplied by the supplier and imported by the importer in respect of the said two consignments, except Certificate of Analysis (COA) issued by the suppliers, therefore, such Certificate of Analysis cannot be relied upon and is liable to be discarded and the Test Report issued by CRCL, Visakhapatnam being issued by the Government Laboratory is being relied upon. The importer has also not shown due diligence to insist the documents which proof the truthfulness and authenticity of the "Description of the Goods".

d) Shri Hasmukh Dave, Director of the Importer Company, during the course of recording his statement, deposed that he is in agreement with the Tested Parameters as per the Test Reports dated 13.03.2026 & 16.03.2016 issued by CRCL, Visakhapatnam. Based on the said Tested Parameters and in view of the discussion in foregoing paras, it is evident that the imported goods are not "Distillate Fuel Oil" but "Automotive Diesel Fuel not-containing bio-diesel (IS:1460) and not "General Purpose Thinner" but "Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018".

e) The goods so purchased / procured by the importer from the overseas suppler are sold by them for further trading in India, therefore, the importer is also not aware of the exact End-use of the imported goods nor do they have any mechanism to show that the goods are in fact sold or used as per the scope of Indian Standard i.e. Distillate Fuel Oil confirming to IS 16731 and IS 14314 (General Purpose Thinner) or for Industrial Use, as declared in the Bill of Entry.

11.2 It thus appears from the above that though written contract, for import of the goods were executed between transacting parties, however, they were not followed. Certificate of Analysis from the Third Party International Recognized Inspection Agency was not provided, in order to circumvent allegation of mis-declaration on the part of importer. Further, the importer denied any knowledge about End-use of the product, thus, it also strengthens the belief that the mis-declaration of the goods were done with an ulterior motive to import RESTRICTED goods and for its unauthorized / non-permissible usage. Thus, from the investigation carried out by the DRI, it has been revealed that the imported goods covered under Bill of Entry No. 7611863 dated 18.02.2026 and Bill of Entry No. 7608100 dated 18.03.2026 filed at Pipavav Port are mis-declared by M/s. Sainath Industrial Fuels Private Limited to circumvent the applicable import restrictions and consequent clearance of the goods for unauthorized usage.

11.3 Further, in terms of Section 46(4) of the Customs Act, 1962, the importer has to certify the truth of the contents of the Bills of Entry. In the instant case the importer was fully aware of the actual goods imported by them in as much as they mis-declared the imported goods as Distillate Fuel Oil confirming to IS 16731:2019 (ISO 8217:2017) & General Purpose Thinner confirming IS 14314 and accordingly classified the goods under CTI 2710 1961 and 38140019 in the respective Bills of Entry filed before the Customs authorities instead of declaring it as 'Automotive Diesel Fuel' and classified it under CTI 2710 1944 and ""Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018" under CTI 3814 00 19. Thus, in view of the facts discussed in the foregoing paras and material evidences available on records, it has emerged clearly that M/s. Sainath Industrial Fuels Private Limited have contravened the provisions of Section 46(4) of the Customs Act, 1962, in as much as they had intentionally mis-declared the description of the goods imported by them.

11.4 In view of the facts discussed in foregoing paras and the material evidences available on record, M/s. Sainath Industrial Fuels Private Limited made a deliberate attempt to illicitly smuggle 3206.40 MTS=3848.905 KL of Automotive Diesel Fuel having declared assessable Value of Rs. 13,47,05,620/-(re-determined value of Rs. 20,78,64,780/-) and 3027.149 MTS =3857.72 KL of "Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018" having declared assessable Value of Rs.2 0 34,96,533/- (re-determined value of Rs. 31,94,18,802/-), under the cover of two Bill of Entry No. 7611863 dated 18.02.2026 and Bill of Entry No. 7608100 dated 18.03.2026 respectively, in the guise of Distillate Fuel Oil confirming to IS 16731:2019 (ISO 8217:2017) and General Purpose Thinner confirming to IS 14314 respectively.

11.5 The Automotive Diesel Fuel was imported by resorting to mis-declaration of the same as "Distillate Fuel Oil confirming to IS 16731:2019 (ISO 8217:2017) in the Bill of Entry No. 7611863 dated 18.02.2026 and "Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018" was imported by resorting to mis-declaration of the same as "General Purpose Thinner confirming to IS 14314" in the Bill of Entry No. 7608100 dated 18.02.2026 filed under Section 46 of the Customs Act, 1962 and accordingly the Automotive Diesel Fuel imported in the guise of Distillate Fuel Oil confirming to IS 16731:2019 (ISO 8217:2017) having declared assessable Value of Rs. 13,47,05,620/- (re-determined value of Rs. 20,78,64,780/-) and "Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018" imported in the guise of General Purpose Thinner confirming to IS 14314 (For Industrial Use only) having declared assessable Value of Rs. 20,34,96,533/- (re-determined value of Rs. 31,94,18,802/-), are liable to confiscation under the provisions of Section 111 (d) and 111 (m) of the Customs Act, 1962 in as much as the goods have been imported in clear violation of restriction/prohibition imposed under the Import Policy as discussed supra and by mis-declaring the description of the goods with a view to evade detection. Such an act of import in violation to the provisions of Customs Act has rendered the goods liable to confiscation under Section 111(d) & 111(m) and constitutes "Smuggling" as defined under Section 2 (39) ibid. Accordingly M/s Sainath Industrial Fuels Private Limited have rendered themselves liable to penalty under Section 112 (a) and (b) of the Customs Act, 1962.

11.6 The importer filed Bill of Entry No. 7611863 dated 18.02.2026 and Bill of Entry No. 7608100 dated 18.02.2026 for total clearance of 3206.140 MTS = 3848.908 KL of declared imported goods, namely, Distillate Fuel Oil confirming to IS 16731:2019 (ISO 8217:2017) under CTI 27101961 totally valued at Rs. 20,78,64,780/- (declared value of Rs. 13,47,05,620/-) and 3027.149 MTS = 3857.715 KL of declared imported goods, namely, General Purpose Thinner confirming to IS 14314 under CTI 38140019 totally valued at Rs. 31,94,18,802/- (declared value of Rs. 20,34,96,533/-), which have turned out to be Automotive Diesel Fuel and "Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018", as per the test reports of CRCL, Visakhapatnam. 'Automotive Diesel Fuel as per IS 1460' and "Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018" are restricted for import and are allowed to be imported only by the State Trading Enterprises as discussed in foregoing paras. Thus, The importer have done various acts of commission and omission which have rendered the goods liable to confiscation under Section 111 of the Customs Act, 1962 and consequentially they are liable to penalty under Section 112 (a) and (b) of the Customs Act 1962. Further, the importer has indulged in presenting documents falsifying the true identity of the goods, before the Customs authorities for import of the goods. Thus, they have knowingly and intentionally made a declaration in the Bill of Entry filed under Section 46 of the Customs Act, 1962, which is false and incorrect. Hence, they have committed offences of the nature as described under the Section 114AA of the Customs Act, 1962 and have

consequentially rendered themselves liable to penalty under Section 114AA of the Customs Act, 1962.

12. CONTRAVENTION OF PROVISIONS OF THE CUSTOMS ACT, 1962 AND OTHER ALLIED ACT:

12.1 Vide Finance Act, 2011, "Self-Assessment" has been introduced w.e.f. from 08.04.2011 under the Customs Act, 1962. Section 17 of the said Act provides for self-assessment of duty on import and export goods by the importer or exporter himself by filing a Bill of Entry or Shipping Bill, as the case may be, in the electronic form, as per Section 46 or 50, respectively. Thus, under self-assessment, it is the responsibility of the importer or exporter to ensure that he declares the correct classification, applicable rate of duty, value, benefit or exemption notification claimed, if any, in respect of the imported/exported goods while presenting Bills of Entry or Shipping Bills.

12.2 In the present case, the importer, has deliberately contravened the above said provisions with a malafide intention to circumvent the RESTRICTION imposed on the import of Automotive Diesel Fuel not containing bio-diesel (ADF) (IS : 1460) & "Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018" and tried to clear the said goods solely on the basis Commercial Invoice, Certificate of Analysis (COA) & Bill of Lading made available by the Supplier which contained incorrect declaration about the description of the imported goods.

13. CONFISCATION OF SEIZED GOODS U/S 111 OF THE CUSTOMS ACT, 1962:

13.1 M/s Sainath Industrial Fuels Private Limited imported two consignments, covered under Bill of Entry No. **7611863 dated 18.02.2026** and Bill of Entry No. **7608100 dated 18.03.2026** filed at Pipavav, which was declared as "Distillate Fuel Oil confirming to IS 16731:2019 (ISO 8217:2017) and "General Purpose Thinner confirming to IS 14314" and classified them under CTI 2710 1961 and CTI 38140019 respectively. On testing of the samples drawn from the said consignment, the import goods were found to be "Automotive Diesel Fuel, not containing biodiesel, conforming to standard IS 1460" falling under CTI 2710 1944 and "Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018" falling under CTI 2710 1920. Therefore, the said mis-declared goods having declared value of **Rs. 13,47,05,620/-** and re-determined value of **Rs. 20,34,96,533/-** are liable for confiscation under Section 111(d) and 111(m) of the Customs Act, 1962.

13.2 Further, import of "Automotive Diesel Fuel, not containing biodiesel, conforming to standard IS 1460" and "Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018" are 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 para2.21 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 clearly emerges that the said importer has imported restricted goods i.e. "Automotive Diesel Fuel, not containing biodiesel, conforming to standard IS 1460" by mis-declaring the same as "Distillate Fuel Oil confirming to IS 16731:2019 (ISO 8217:2017) and "Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018" by mis-declaring the same as "General Purpose Thinner confirming to IS 14314 (For Industrial Use only) under the said two consignments, Therefore the said goods having declared value of **Rs. 33,82,02,153/-** and re-determined value of **Rs. 52,72,83,582/-**, are liable for confiscation under Section 111(d) of the Customs Act, 1962.

14. ROLE PLAYED BY SHRI HASMUKH KANTILAL DAVE, DIRECTOR OF M/S SAINATH INDUSTRIAL FUELS PRIVATE LIMITED:

14.1 From the investigation carried out by the DRI, it was revealed that the imported goods covered under Bill of Entry No. **7611863 dated 18.02.2026** and Bill of Entry No. **7608100 dated 18.03.2026** filed at Pipavav, were mis-declared by M/s. Sainath Industrial Fuels Private Limited to circumvent import restrictions. Therefore, it appears that M/s. Sainath Industrial Fuels Private Limited, filed incorrect declarations and failed to ensure proper classification of the goods.

14.2 Shri Hasmukh Kantilal Dave, Director of M/s. Sainath Industrial Fuels Private Limited,, in his statement recorded on 02.06.2026, deposed that as a Director of the company, he has the overall responsibilities for all activities i.e. Import, Purchase, Customs Clearance, Trading and Manufacturing and that he is also responsible for import of goods under Bill of Entry No. **7611863 dated 18.02.2026** and Bill of Entry No. **7608100 dated 18.03.2026** for the company. He also deposed that there was a verbal agreement with the suppliers i.e. M/s. Sun Petrochem FZC, UAE and M/s. Kleen Lube Refinery LLC, UAE for these two transactions and initially no written documents were executed. He also deposed that the suppliers are Manufacturer or Refiner of the goods. Despite the above claim he did not provide any literature / catalogue /test report of the imported goods from the manufacturer or refiner of the goods. He further deposed that Certificate of Analysis (COA) was issued by the Seller / Supplier and is relied upon for the declaration of the goods and that there was no appointment of such Third Party Inspection Agency. He further deposed in his statement that his company is also engaged in trading of the imported goods and that the real End-Use of the product is not known to them. Further, they did not have any mechanism or control to ensure correct End Use as per the BIS or Declaration made in the Bill of Entry. He also stated that he is in agreement with the Tested Parameters as per CRCL Visakhapatnam Test Reports, however, not in agreement with the conclusion provided thereon. It appears from the above that Shri Hasmukh Kantilal Dave, Director of the company did not enter initially into written contract for

purchase of the goods and did not insist upon for manufacturer's report or Third Party Inspection Agency, to verify the authenticity of the goods imported and solely relied upon Certificate of Analysis issued by the Supplier / Seller. Thus, no due diligence has been shown by him with transacting parties to demonstrate the true and correct nature of the goods under import. Moreover, absence of Technical Literature / Catalogues to verify the authenticity of the Description of the Goods and other particulars viz. Payment Terms, Quality & Quantity measures etc. make the two subject transactions of import of goods as unusual, uncommon and abnormal, so far as authenticity of the goods concerned. He denied any knowledge of End-use of the imported goods. Thus, from the facts discussed hereinabove, it appears that Shri Hasmukh Kantilal Dave, was fully aware that the import of Automotive Diesel Fuel conforming to IS 1460 and "Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018", which are 'Restricted' for import, and can be imported only through State Trading Enterprises, as per the prevailing Foreign Trade Policy provisions. Further, it appears that the import was attempted / carried out by way of mis-declaration and by use of import documents/declarations which did not correctly declare the true nature and specification of the goods before Customs authorities, with an intention to evade the applicable legal restrictions and to facilitate clearance of the goods. By his active involvement in the preparation, submission and/or use of such false and incorrect declarations and documents in the course of Customs proceedings, Shri Hasmukh Kantilal Dave appears to have knowingly and intentionally signed, used and caused to be used declarations, statements and documents which were false and incorrect in material particulars. Therefore, Shri Hasmukh Kantilal Dave appears liable to penal action under Section 114AA of the Customs Act, 1962.Further, by his acts of omission and commission, he has rendered the impugned goods liable to confiscation under Section 111(d) of the Customs Act, 1962 and therefore he also appears liable to penalty under Section 112(a) and 112(b) of the Customs Act, 1962.

15.1 Now therefore, the importer, viz. **M/s. SAINATH INDUSTRIAL FUELS PRIVATE LIMITED, (IEC-2409004989 / PAN-AAALCS1205P), located at 205, Second Floor, Turning Point, Waghawadi Road, Bhavnagar-364002**, are hereby called upon to show cause to the Additional / Joint Commissioner of Customs, Customs (Preventive) Commissionerate, Jamnagar having his office situated at 3rd Floor, 'SEEMA SHULK BHAVAN", Jamnagar-Rajkot Highway, Near Victoria Bridge, Jamnagar, PIN: 361001, within 30 days of receipt of this notice, as to why:-

(i) The description and classification of goods covered under Bill of Entry No. 7611863 dated 28.02.2026 filed at Pipavav Port, declared as "Distillate Fuel Oil confirming to IS 16731:2019 (ISO 8217:2017)" under CTI 2710 1961, should not be rejected and the same should not be reclassified as 'Automotive Diesel Fuel, not containing biodiesel, conforming to standard IS 1460' under CTI 2710 1944.

(ii) The description and classification of goods covered under Bill of Entry No.

7608100 dated 28.02.2026 filed at Pipavav Port, declared as "General Purpose Thinner confirming to IS 14314" under CTI 38140019, should not be rejected and the same should not be reclassified as '"Petroleum Hydrocarbon Solvents (125/240) IS:1745:2018"' under CTI 2710 1920.

(iii) The goods declared as "Distillate Fuel Oil confirming to IS 16731:2019 (ISO 8217:2017)" and imported under Bill of Entry No. 7611863 dated 28.02.2026 and declared as "General Purpose Thinner confirming to IS 14314" and imported under Bill of Entry No. 7608100 dated 28.02.2026 filed at Pipavav Port, should not be held liable for confiscation under Section 111(d) and 111(m) of the Customs Act, 1962.

(iv) The total declared value of the said goods declared as "Distillate Fuel Oil confirming to IS 16731:2019 (ISO 8217:2017)" and "General Purpose Thinner confirming to IS 14314" in respect of above two Bills of Entry, as **Rs.33,82,02,153/-** should not be rejected in terms of Rule 12 of the CVR, 2007 and the same should not be re-determined as **Rs. 52,72,83,582/-**, as discussed at Para number 10.4, under Rule 9 (Residual method) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 read with sub-section (1) of Section 14 of Customs Act, 1962.

(v) Penalty should not be imposed upon the importer M/s. SAINATH INDUSTRIAL FUELS PRIVATE LIMITED under Sections 112(a), 112(b), and 114AA of the Customs Act, 1962, separately.

15.2 Shri Hasmukh Kantilal Dave, Director of M/s. Sainath Industrial Fuels Private Limited, is hereby called upon to show cause to the Additional / Joint Commissioner of Customs, Customs (Preventive) Commissionerate, Jamnagar having his office situated at 3rd Floor, 'SEEMA SHULK BHAVAN", Jamnagar-Rajkot Highway, Near Victoria
Bridge, Jamnagar, PIN: 361001, within 30 days of receipt of this notice, as to why:--

(i) Penalties under Sections 112(a), 112(b) and Section 114AA of the Customs Act, 1962, should not be imposed upon him, separately.

16. This show cause notice is being issued under Section 124 of the Customs Act, 1962 without prejudice to any other action that may be taken against the Noticee or any other persons concerned in respect of the aforesaid goods under the Customs Act, 1962 and / or any other law for the time being in force. The aforesaid Noticees are directed to submit their reply to this Notice within thirty days from the receipt of this Notice. They are also required to produce all evidence upon which they intend to rely in support of their defense. They are further required to indicate in their written reply as to whether they desire to be heard in person before the case is adjudicated.

17. If no cause is shown within the stipulated period or if no specific mention is made about the requirement of personal hearing in the written reply or if they do not appear before the adjudicating authority as and when the case is posted for hearing, it shall be presumed that they do not wish to be heard in person and the case is liable to be adjudicated, ex-parte, on the basis of facts and evidences available on record, without further reference to them.

18. Department reserves its right to amend, modify or supplement this notice at any time prior to the adjudication of the case. The list of Relied upon Documents is as per the Annexure attached.

(N. Srujan Kumar)
Additional Commissioner
Customs (Preventive), Jamnagar

फाइल क्रमांक: CUS/5904/2026-Adjn. Date:18.06.2026

By Speed Post A.D. / E Mail

To,

(1) M/s. SAINATH INDUSTRIAL FUELS PRIVATE LIMITED, (IEC-2409004989 / PAN-AAALCS1205P), located at 205, Second Floor, Turning Point, Waghawadi Road, Bhavnagar-364002.

(2) Shri Hasmukh Kantilal Dave, Director of M/s. Sainath Industrial Fuels Private Limited located at 205, Second Floor, Turning Point, Waghawadi Road, Bhavnagar-364002.

Copy to:

1. The Deputy Director, Directorate of Revenue Intelligence, Jamnagar Regional Unit, "Shri Hari Building, 4th & 5th Floor, Opp. Bank of Maharashtra, P. N. Marg, JAMNAGAR -361002.
2. The Deputy Commissioner, Custom House, Pipavav.
3. Guard File.

ANNEXURE

LIST OF RELIED UPON DOCUMENTS (RUDS) TO THE INVESTIGATION REPORT IN RESPECT OF IMPORT MADE BY M/S. SAINATH INDUSTRIAL FUELS PRIVATE LIMITED.

RUD No.	Description	Remarks
1	Copy of Bill of Entry No. 7611863 dated 18.02.2026	Copy attached.
2	Copy of Bill of Entry No. 7608100 dated 18.02.2026	Copy attached.
3	Copy of Panchnama dated 28.02.2026	Copy attached.
4	Copy of 04 Test Memos and 04 Test reports issued by CRCL Vishakhapatnam dated 13/16.03.2026	Copy attached.
5	Copy of 02 Seizure memo dated 17.03.2026	Copy attached.
6	Copy of Statement of Shri Sorabh Goyel, Authorized Person M/s. Sainath Industrial Fuels Private Limited, Bhavnagar dated 07.04.2026	Copy attached.
7	Copy of Panchnama dated 09.04.2026 recorded at the business premises of M/s. Sainath Industrial Fuels Private Limited	Copy attached.
8	Copy of Statement of Shri Dharmendrasinh Dilavarsinh Gohil, an Accountant of M/s. Sainath Industrial Fuels Private Limited, Shri Manishkumar Narsinhbhai Patel, Director of M/s. Aparajita Energy Private Limited dated 09.04.2026	Copy attached.
9	Copy of 02 (Two) Sales & Purchase agreements executed between Sainath Industrial Fuels Pvt. Ltd. (Importer) and Sellers i.e. M/s. Kleentube Refinery LLC, UAE / M/s. Sun Petrochem FZC, UAE	Copy attached
10	Copy of Statement of Shri Hasmukhbhai K. Dave, Director of M/s. Sainath Industrial Fuels Private Limited, on 02.06.2026	Copy attached
11	Copy of Certificate of Origin No. 218938 dated 30.01.2026 issued by the Ras-Al-Khaimah Chamber	Copy attached
12	Copy of Sample Tax Invoice of M/s Nayara Energy Limited dated 14.03.2026 for "*Automotive Diesel Fuel conforming to standard IS:1460*" (ADF) @ Rs 54006.17/KL	Copy attached
13	Copy of Sample Tax Invoice of M/s Nayara Energy Limited dated 15.02.2026 for Petroleum Hydrocarbon Solvents(125/240) IS:1745:2018 @ - Rs.82800.00/KL	Copy attached