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## SHOW CAUSE NOTICE

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

M/s. GKN Chemical India Pvt. Ltd., bearing IEC- AAJCG7002J and GSTIN-24AAJCG7002J2ZP (**herein after refereed as "SEZ unit"**) having its registered address premises at Plot No. 346-347, Sector-IV, Phase-IV, KASEZ, Gandhidham, Kachchh, Gujarat. The company has two directors namely (i) Shri Seenivasan Narayanasamy and (ii) Shri Sivamurugeswarapandian N. The SEZ unit was granted a Letter of Approval (LOA) No. 18/2022-23 on 20.01.2023 (**RUD No-1**) and commenced operations from 25.07.2023 as a Special Economic Zone (SEZ) unit. As per its LOA, the unit is permitted to undertake both manufacturing and trading of petrochemical products and allied chemicals.

### **2. Intelligence:**

**2.1** Credible intelligence was received by the Directorate of Revenue Intelligence (DRI), Regional Unit, Gandhidham, that the said SEZ unit is engaged in misdeclaration of certain petroleum products, primarily finished automotive fuels like diesel or kerosene, as "solvents" under incorrect Customs Tariff Headings (CTH) such as 27101990 (Hydrocarbon Solvents). These goods, which are being imported duty-free under the SEZ unit were allowed to be imported / procured under the categories of raw materials as per LOA. However, the imported raw materials are being cleared in the DTA as such by declaring the same as "Industrial Oil", which is suspected to be Restricted Petroleum Goods (Diesel/Kerosene), without undergoing any actual manufacturing process.

**2.2** While acting upon the said intelligence, a truck (Oil tanker) bearing number GJ39 TA 1434 which was loaded from M/s. GKN Chemical India Pvt. Ltd, KASEZ, Gandhidham was intercepted on 04.06.2025 by the DRI Officers. The truck was carrying "Industrial Oil" covered under M Type BE No. 2414257/02.06.2025 and E-way bill no 601915626828 dated 04.06.2025. The said vehicle was thereafter, taken back to the premises of M/s. GKN Chemical India Pvt. Ltd, KASEZ, under panchnama dated 04/05.06.2025, (**RUD No-2**) a search under the said panchnama was also carried out at the said SEZ Unit. During the said search proceedings, the officers carried out thorough inspection of the plant machinery available at the said premises for manufacturing process and resumed various documents viz. inward-outward entry register, invoices of goods being carried by the intercepted vehicle, and other relevant documents available at the premises.

**2.3** Furthermore, samples were drawn from the goods being carried by the

intercepted vehicle, as well as Storage Tankers of various goods being imported/manufactured by the said SEZ unit, located inside its premises, in presence of Shri N Seenivasan, Director of the said SEZ Unit, who was handling the entire operations of the said unit/plant, including work related to sale & purchase of raw materials and finished goods. Further, one consignment declared as "Hydrocarbon Solvent", having total quantity of approx. 176.5 MT in 11 containers covered under Bill of Entry No. 2425928 dated 02.06.2025, imported by the said SEZ unit, was put on hold and samples were drawn from the subject containers under Panchnama dated 08.06.2025 **(RUD No-3)** drawn at the premises of M/s GKN Chemical India Pvt. Ltd.

**2.4** 02 more consignments covered under Bills of Entry No. 3244314 and 3244548, both dated 14.07.2025, and declared to contain "Hydrocarbon Solvent", having total quantity of approx. 925 MT in total 50 containers, were put on hold and samples were drawn under panchnamas dated 17.07.2025/29.07.2025 **(RUD No-4)**. Further, goods under 29 Containers covered under Bills of Entry No-3244314 dated 14.07.2025 (04 containers) and 3244548 dated 14.07.2025 (25 Containers) were transferred at Storage Tanks at premise of M/s GKN Chemical India covered under Panchnama dated 07.08.2025 and 08.08.2025 **(RUD No-5)**.

### **3. Testing of the samples:**

**3.1** The samples drawn during the investigation, were required to be tested as per the IS standards of Restricted Petroleum goods, viz. Diesel Fuel/Kerosene/Motor Spirit, in view of the recent judgement of the Hon'ble Supreme Court in the matter of M/s. Gastrade International vs. Commissioner of Kandla Customs.

**3.2** Further, the 16 samples (05 samples which were drawn vide Panchnama dated 04/05.06.2025 and 11 samples which were drawn vide Panchnama dated 08.06.2025 in relation to 11 containers covered under Bill of Entry No. 2425928 dated 02.06.2025) were sent for testing to the Laboratory of IOCL Kandla, which subsequently submitted their reports dated 08.08.2025, **(RUD No-6)** in respect of the same.

**3.3** Whereas, the Test Report received from the IOCL, Kandla suggested that the goods imported vide Bill of Entry No-2425928 dated 02.06.2025 meets the requirements of **SKO (Superior Kerosene Oil )**, the report w.r.t the goods cleared into DTA as manufactured goods declared as "Industrial Oil" loaded in the Tanker GJ 12 TA 1434 was found to be **HFHSD (High Flash High Speed Diesel)**, the report w.r.t One sample drawn from Storage Tank no-18 was found to be **Light Diesel Oil (LDO)**, the report w.r.t One sample drawn from Storage Tank no-17 was found to be **HFHSD (High Flash High Speed Diesel)**. One Sample drawn from the Storage Tank No-19 wherein description informed as "Naptha" was found to be as declared. The findings of the aforementioned Test Reports are reproduced below:

**Table No-1**

<b>Sl. No.</b>	<b>Tanker/Tank/Bill of Entry No.</b>	<b>Quantity</b>	<b>Declared Description</b>	<b>Sample Test Result</b>	<b>IS Standards</b>
01.	Tanker GJ 12 TA 1434 (M Type BE No.	35.15 MT	Industrial Oil	High Flash High	IS 16861:2018

	2414257/02.06.2025)			Speed Diesel (HFHSD)	
02.	Tank No. 17	6 KL	Industrial Oil	High Flash High Speed Diesel (HFHSD)	IS 16861:2018
03.	Tank No. 18	190 KL	Hydrocarbon Solvent	Light Diesel Oil (LDO)	IS 15770:2021
04.	11 Containers covered under Bill of Entry No. 2425928 dated 02.06.2025	176.51 MT	Hydrocarbon Solvent	Super Kerosene Oil (SKO)	IS 1459:2018

3.4 As stated above, M/s. GKN Chemical India Pvt. Ltd had imported 02 more consignments covered under Bills of Entry No. 3244314 and 3244548 (25 Containers each), both dated 14.07.2025 and declared to contain "Hydrocarbon Solvent" under CTH 27101990. The 02 consignments having total 50 containers (25 each) were put on hold and representative samples were drawn from the same under panchnamas dated 17.07.2025 and 29.07.2025. The samples drawn were sent for testing to CRCL, Vadodara and the results of the all-Test samples were found to Light Diesel Oil as per IS 15770: 2021. **(RUD No-7).**

The findings of the aforementioned Test Reports are reproduced below:

**Table No-2**

Sl. No.	Bill of Entry No.	Quantity (in MTs)	Declared Description	Sample Test Result	IS Standards
01.	3244314 dated 14.07.2025	462.90	Hydrocarbon Solvent	Light Diesel Oil	IS 15770:2021
02.	3244548 dated 14.07.2025	462.98	Hydrocarbon Solvent	Light Diesel Oil	IS 15770:2021

4. Whereas, the parameters of the aforementioned Test Reports highlighted in Table - 1 and Table No-2 above suggested that the goods imported, stored in Tanks and laden in the Truck meets the requirements High Flash High Speed Diesel (HFHSD) conforming to standard IS 16861:2018, Light Diesel Oil (LDO) conforming to

standard IS 15770:2021 and Super Kerosene Oil (SKO) conforming to standard IS 1459:2018.

**4.1** Further, the specifications of High-Flash High Speed Diesel Oil as per IS 16861 of the Bureau of Indian Standards (BIS) are reproduced below:

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

Further, the specifications of Light Diesel Oil (LDO) as per IS 15770 of the Bureau of Indian Standards (BIS) are reproduced below:

IS 15770 : 2021

Table 1 Requirement for Heating Oil (LDO)

( Clause 3.2 )

SI No.	Characteristics	Requirements	Methods of Test, Part of IS 1448/ASTM D
(1)	(2)	(3)	(4)
i)	Acid number, mg KOH/gm, <i>Max</i>	0.5	Part 2
ii)	Ash, percent by mass, <i>Max</i>	0.02	Part 4/Sec 1
iii)	Carbon residue, on whole samples, percent by mass, <i>Max</i>	1.5	Part 8
iv)	Pour Point, °C, <i>Max</i>		Part 10/Sec 2
	a) Winter [November to February (both months inclusive)],	12	
	b) Summer (rest of the months in a year)	21	
v)	Copper strip corrosion for 3 h at 100 °C	Not worse than No.2	Part 15
vi)	Flash point, Pensky Martens, °C, <i>Min</i>	66.0	Part 21
vii)	Kinematic viscosity at 40 °C, mm <sup>2</sup> /sec	2.5-15.0	Part 25/Sec 1
viii)	Sediment, percent by mass, <i>Max</i>	0.10	Part 30
ix)	Density at 15 °C, Kg/m <sup>3</sup>	To Report	Part 16
x)	Water content, percent by volume, <i>Max</i>	0.25	Part 40
xi)	Total sulphur, percent by mass	0.005 - 1.50 <sup>2)</sup>	ASTM D 4294

Furthermore, the specifications of Super Kerosene Oil (SKO) as per IS 1459 of the Bureau of Indian Standards (BIS) are reproduced below:

Table 1 Specification for Kerosene

( Clause 4.2 )

SI No.	Characteristic	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 <sup>1)</sup> / IP 139
iii)	Burning quality <sup>2)</sup>			[P : 5] <sup>1)</sup> /IP 10
	a) Char Value, mg/kg of oil consumed, <i>Max</i>	20	20	
	b) Bloom on glass Chimney	Not darker than grey	Not darker than grey	
iv)	Colour			
	a) Saybolt (in case of undyed Kerosene) <sup>3)</sup> , <i>Min</i>	10	10	[P : 14] <sup>1)</sup> /ASTM D 156
	b) Visual (in case of dyed Kerosene)	Blue	Blue	Visual/Annex A <sup>1)</sup>
v)	Copper strip corrosion for 3 h at 50°C	Not worse than No. 1	Not worse than No. 1	[P : 15] <sup>1)</sup> / ASTM D 130 / IP 154
vi)	Density at 15°C, kg/m <sup>3</sup>	Not limited, but to be reported	Not limited, but to be reported	[P : 16] <sup>1)</sup> /ISO 12185/ ASTM D 1298/ ASTM D 4052
vii)	Distillation			[P : 18] <sup>1)</sup> /ISO 3405/ASTM D 86
	a) Percent recovered below 200°C, percent (v/v), <i>Min</i>	20	20	
	b) Final boiling point, °C, <i>Max</i>	300	300	
viii)	Flash point ( Abel), °C, <i>Min</i>	35	35	[P : 20] <sup>1)</sup> /ISO 13736/ IP 170
ix)	Smoke Point <sup>4)</sup> , mm, <i>Min</i>	18	18	P : 31/ISO 3014 <sup>1)</sup> / ASTM D1322/ IP 598
x)	Total Sulphur Content, percent, m/m, <i>Max</i>	0.10	0.20	[P : 34] <sup>1)</sup> /ISO 8754 <sup>1)</sup> /ASTM D4294/ D 2622/ D 5453

**4.2** And whereas on analysis of the parameters detailed in the Test Reports vis-a-vis the parameters stipulated in the BIS standards of IS 16861:2018, IS 15770:2021 and IS 1459:2018, it appeared in accordance with the intelligence, that goods being imported/stored in Tanks/Laded in the Truck appeared to be mis-declared and following conclusion appears to flow from the analysis.

**Table-3**

<b>Sr No</b>	<b>Tanker/Tank/Bill of Entry No.</b>	<b>Quantity</b>	<b>Product description as per analysis of Test Report</b>
1	Tanker GJ 12 TA 1434 (M Type BE No. 2414257/02.06.2025)	35.15 MT	High Flash High Speed Diesel (HFHSD) conforming to Standards IS 16861
2	Tank No. 17	6 KL	High Flash High Speed Diesel (HFHSD) conforming to Standards IS 16861
3	Tank No. 18	190 KL	Light Diesel Oil(LDO) conforming to Standards IS 15770
4	11 Containers covered under Bill of Entry No. 2425928 dated 02.06.2025	176.51 MT	Super Kerosene Oil (SKO) conforming to Standards IS 1459
5	3244314 dated 14.07.2025	462.90 MT	Light Diesel Oil (LDO) conforming to Standards IS 15770
6	3244548 dated 14.07.2025	462.98 MT	Light Diesel Oil (LDO) conforming to Standards IS 15770

**4.3** As per Customs Tariff Act, it appears that the goods found as High Flash High Speed Diesel (HFHSD)conforming to standard IS 16861:2018 are classifiable under CTH 27101949, goods found as Light Diesel Oil (LDO) conforming to standard IS 15770:2021 is classifiable under CTH 27101943 and goods found as Super Kerosene Oil (SKO)conforming to standard IS 1459:2018 classifiable under CTH 27101932.The relevant descriptions of the above mentioned CTHs as per the Customs Tariff Act are as below:

**CTH-27101932**



**CTH-27101943 AND CTH 27101949**

Further, as per ITC(HS), 2022, Schedule 1: Import Policy, Section V: Mineral Products, Chapter 27: Mineral Fuels, Mineral Oils And Products Of Their Distillation; Bituminous Substances; Mineral Waxes: Goods falling under the description of "Kerosene intermediate and oils obtained from kerosene intermediate: Kerosene conforming to standard IS 1459", "Gas oil and oils obtained from gas oil: Light Diesel Oil (LDO) conforming to Standards IS 15770 and High Flash High Speed Diesel fuel conforming to standard 16861" the import policy makes the goods restricted by way of importation by State Trading Enterprises only by virtue of Policy Condition No. 5 which prescribes "Import allowed through IOC subject to para 2.21 of Foreign Trade Policy, except for the companies who have been granted rights for marketing of transportation fuels in terms of Ministry of P&NGs Resolution No. P23015/1/2001-MKT. Dated 8.3.2002 including HPCL, BPCL and IBP who have been marketing transportation fuels before this date". The screenshots of the relevant extracts are as below:

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

## 5. Confiscation and Seizure:

**5.1** As per the test results above, it is evident that SEZ unit had imported restricted petroleum products, by mis-declaring the same, and also cleared into DTA by misdeclaration and without any manufacturing of the goods. The Test Reports from IOCL, Kandla revealed that: (i) goods imported vide Bill of Entry No. 2425928 dated 02.06.2025 were found to be **Superior Kerosene Oil (SKO)**; (ii) goods cleared into DTA as "Industrial Oil" loaded in Tanker GJ-39-TA-1434 were found to be **High Flash High Speed Diesel (HFHSD)**; (iii) sample from Storage Tank No. 18 was found to be **Light Diesel Oil (LDO)**; and (iv) sample from Storage Tank No. 17 was found to be **HFHSD**. Import of High Flash High Speed Diesel (HFHSD), Super Kerosene Oil (SKO) and Light Diesel Oil (LDO) is restricted into India, and the same can only be imported subject to Condition No. 5 of Chapter 27 of ITC(HS), 2022, Schedule 1 Import Policy issued by DGFT. Therefore, having a reasonable belief that the goods in Table No-1 above, were liable to be confiscated under the provisions of the Section 111 of the Customs act, 1962, the same were placed under seizure as per the provisions of Section 110(1) of the Customs Act, 1962 vide seizure memo dated 14.08.2025 read with corrigendum dated 06.10.2025. **(RUD No-8)**

**5.2** Further, 02 import consignments covered under Bills of Entry No. 3244314 and 3244548 (25 Containers each), both dated 14.07.2025 and declared to contain "**Hydrocarbon Solvent**" under CTH 27101990. The samples drawn were sent for testing to CRCL, Vadodara. CRCL, Vadodara provided their test reports as per which all the samples were found to **Light Diesel Oil as per IS 15770: 2021**. Accordingly, having a reasonable belief that the said goods were liable to be confiscated under the provisions of the Section 111 of the Customs act, 1962, the same were placed under seizure as per the provisions of Section 110(1) of the Customs Act, 1962 vide seizure



memo dated 25.09.2025. **(RUD No-9).**

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

**6.1 Statement of Shri Seenivasan Narayanasamy Director of M/s. GKN Chemical India Private Limited, Plot No. 346-347, Sector-IV, Phase-IV, KASEZ, Gandhidham, Kachchh, Gujarat-370230(RUD No-10) was recorded on wherein he interalia stated that:**

Statement of Shri Seenivasan Narayanasamy, director of M/s. GKN Chemical India Pvt. Ltd. was recorded on 05.06.2025, during which he interalia, stated that;

- being one of the Director along with his elder brother N. Sivamurugeswarapandian in M/ s GKN Chemical India Private Limited; That he is responsible for all the operations of the company; That M/ s GKN Chemical India Private Limited is a manufacturing and trading entity. That he looks after all the work related to sale, purchase, import and export (both domestic and international dealings).
- That he is one of the directors of M/s GKN Food Products Private Limited, M/s GKN Petrochem LLP, M/s GKN Warehouse Logistics LLP, M/s G K N Resources India Private Limited. Further, he is also proprietor of M/ s. GKN Enterprise.
- On being asked about the Capital Goods installed at their premises, he stated that there are 04 boilers, 04 distillation plants installed at the premises of M/ s GKN Chemical India Private Limited. Further, he submitted the list of employees working in their unit; That the manufacturing plant is operating 24 hrs, however, it depends on the availability of the raw materials and other factors. Further, he submitted the electricity bills for the past 12 months; That no such demarcation for trading goods, raw materials and finished goods is available in the business premises. Further, they do not have any other operational space/premises and all the business activities are being handled from the premises of M/ s. GKN Chemical India Private Limited, Plot No. 346347, Sector-IV, Phase-IV, KASEZ, Gandhidham, Kachchh, Gujarat-370230.
- On being asked, he submitted the list of finished products manufactured in the unit along with their corresponding raw materials:

Sr. No.	Finished Products	Raw Materials
1	Industrial Oil	Hydrocarbon Solvent, Aromatic Solvent, Petroleum Hydrocarbon Solvent
2	Naptha	Condensate, Heavy Naptha
3	Turpentine Oil	Hydrocarbon Solvent, Aromatic Solvent

- He stated that through fractional distillation process only the finished products

as Industrial Oil, Naptha and Turpentine Oil are prepared, however, as per customer requirements, they prepare the finished product by deciding the ratio of raw materials.

- On being asked about any Chemical engineer employed by them, he stated that there are 04 chemical engineer employed by them and Shri Karan Pandyan is leading the team who mainly looks after the production, quality and standards and they are graduates from B.Tech or B.Science.
- On being asked, he stated that Industrial Oil is oil used for controlling the dryness and it is mainly used in Agro-chemicals, Paints, Ink, Coatings, Resins etc., That he has all permissions/licenses to import, manufacture, transport and storage of such petroleum products under Petroleum Act, 1934 or Petroleum Rules 2002. Moreover, the final products are duly tested and approved by CRCL, Kandla; That based on cash flow management they are selling the final products to traders only; however, they are duly mentioning over the invoices under the product name that "Only for Industrial Use".
- That the plant is not-operational since last 03 days due to plant expansion work. That he would submit the stock register updated as on date which he had already submitted under panchnama dated 05.06.2025. On being asked about the stock mismatch of 200 MT of Industrial oil filed under BoE 2437795 dated 03.06.2025 and the stock mismatch of 562 MT raw materials imported under BoE 2236314 dated 26.05.2025, since there is no such stocks available within the premise, then where and when is it cleared, he stated that he will verify the same with the office staff and submit the documents in support and/or explanation within 02 days and regarding the stock mismatch of 562 MT raw materials imported under BoE 2286314 dated 26.05.2025 which was processed and cleared under BoE No. 2351473 dated 29.05.2025, 2351476 dated 29.05.2025 and 2414257 dated 02.06.2025.
- On being asked about sampling and testing of raw materials imported in India, he stated that sampling and testing of raw materials are done both at load port and at our in-house laboratory of the company. Further, they do tests over raw materials on random basis only and do not maintain records of such test reports. Moreover, Customs Officers also does not take samples of the imported goods for testing purpose in respect of the manufacturing facilities under KASEZ.
- On being asked about the difference between aromatic solvent and hydrocarbon solvent since they have same CTH 27101990, he stated that if a product does not fall under the IS/BIS standards, then importer or exporter has no other option than to classify it in others category of the applicable 04-digit CTH; That the Solvent 125/240 imported under CTH 27101920 is a kind of petroleum hydrocarbon solvent used to manufacture Industrial Oil. Further, he stated that he was not aware of any restrictions to import class B petroleum in Flexi Bags.

**6.2 Statement of Shri Karan Pandiyan, Executive of M/s. GKN Chemical India Pvt. Ltd., Plot No. 346-347, Sector- IV, Phase- IV, KASEZ, Gandhidham, Kachchh, Gujarat- 370230 was recorded on 24.06.2025 (RUD No.- 11) wherein he interalia stated that:**

- That he works as an Executive in the Production Department of M/s. GKN Chemical India Pvt. Ltd., Plot No. 346-347, Sector-IV, Phase-IV, KASEZ. His primary responsibility is to look after the functioning of the production line of plant along with a team of seven members. Along with Mr. Karthick Kasirajan, also an Executive, he acts as the shift in-charge, supervising and controlling the flow through flowmeter valves and regulating the inlet and outlet temperature of the boiler through a digital control panel. The heat generated from the boiler is supplied to the kettle containing raw materials, which is also monitored through another digital panel; That they report directly to Mr. Seenivasan Narayanasamy, Director of the Company, providing hourly updates on plant performance whenever the production line is functional. Initially, there were about 16-17 staff members working in three 8-hour shifts, but presently only seven employees remain, and they now operate in 12-hour shifts. The production line runs 24x7, though sometimes it is halted for maintenance, line modifications, or due to factors such as unavailability of raw materials, market fluctuations, staff shortage, or festivals.
- The production process begins with raw materials stored in storage tanks, which are then moved to kettles for distillation. Heat generated from the boiler causes the raw material to evaporate, moving through condensers, after which the finished goods are collected through receivers and transferred into ISO tanks for testing and analysis. The remaining mixtures, mainly water and a black-textured residue of around 1 KL (about 5%), are collected and stored in Intermediate Bulk Containers (IBCs). There are no written SOPs or internal documents describing the manufacturing process. He maintained the log book recording the quantity of raw materials charged in the four kettles and the finished goods collected from the fourteen receivers after distillation process. However, the log book and related records are not immediately available with me but can be produced within 3-4 days; That he is not aware of the specific nomenclature or description of the raw materials used, as the selection and formulation are decided by Mr. Seenivasan Narayanasamy, who instructs them to maintain the designated purity percentage, boiling point range, and moisture content. The finished product is tested in the in-house laboratory, managed by Mr. Dharmendrasinh Vaghela and Mr. GajendrasinhHimmatsinh Zala, both Senior Chemists, not Chemical Engineers. That he did not know whether the laboratory complies with ISO/IEC 17025, IS 8091 (2008), or other quality and safety standards. On being asked that Mr. Seenivasan has stated that he lead a team of four Chemical Engineers responsible for production, quality, and standards, he stated that he act only as the lead of the Production Team under his direction, and he was not aware of any quality or standardization parameters followed at the unit; That Regarding plant machinery, there are 14 underground tanks, 7 aboveground tanks, 4 kettles, 8 condensers, 14 receivers, 6 ISO tanks, and 4 boilers installed at the facility, though he was not aware of their installation or commissioning dates. The two mild-steel kettles have a capacity of 50 KL each, and the two stainless-steel kettles have 30 KL each, totaling 160 KL capacity. Generally, only 90% of capacity is utilized per batch. The first batch distillation takes approximately 36-48 hours, while subsequent batches take

24–25 hours. The raw materials usually contain 18–30% moisture, which they attempt to reduce to around 12%, resulting in a 6–18% loss due to evaporation and moisture removal. Other than this moisture reduction, no additional chemical process or blending is performed; On being asked about electricity bills show significantly higher power consumption during December 2024, March 2025, and April 2025, he stated that the plant was largely non-operational during most of 2024–25 due to maintenance, modification, and civil works. That he is not aware of any blending of different raw materials such as Hydrocarbon Solvent, Aromatic Solvent, or Petroleum Hydrocarbon Solvent through which Industrial Oil is manufactured as mentioned by Mr. Seenivasan. No Chemical Engineer is currently employed at the plant; That plant has been non-operational since 25th May 2025 due to maintenance work, specifically the installation of four new aboveground tanks.

**6.3 Statement of Shri Karthick K, Executive of M/s. GKN Chemical India Pvt. Ltd., Plot No. 346-347, Sector- IV, Phase- IV, KASEZ, Gandhidham, Kachchh, Gujarat- 370230 recorded on 30.06.2025 (RUD-12), wherein he interalia stated that:**

- That he works as an Executive in the Production Department of M/s. GKN Chemical India Pvt. Ltd., Plot No. 346–347, Sector-IV, Phase-IV, KASEZ. His primary responsibility is to oversee the functioning of the production line along with a team of seven members. Together with Mr. Karan Pandian, who is also an Executive, he acts as a shift in-charge, supervising and controlling the flow through flowmeter valves and regulating the inlet and outlet temperature of the boilers through a digital control panel. The heat generated from the boiler is supplied to kettles containing raw materials, which are also monitored through a separate digital panel. That he reports directly to Mr. Seenivasan Narayanasamy, Director of the company, to whom Mr. Pandian and he provide hourly reports on production status. When he joined the company, there were around 16–17 staff members, and the production department operated in three shifts of eight hours each. Currently, due to several resignations, only seven employees remain, and we work in 12-hour shifts. The production line operates 24x7, though operations are sometimes halted for maintenance, line modifications, or other reasons such as raw material shortages, market conditions, or festivals.
- The production process begins with raw materials stored in storage tanks, which are then charged into kettles for distillation. Heat from the boiler causes the raw material to evaporate and move through condensers, after which the finished product is collected in receivers and transferred into ISO tanks for testing and analysis. Residues such as water and mixtures are discharged through a separate line, and a black-textured residue of about 1 KL (around 5%) is stored in Intermediate Bulk Containers (IBCs). There are no Standard Operating Procedures (SOPs) or written documents describing the manufacturing process in the plant. Mr. Pandian and he jointly maintain a log book recording the quantity of raw materials charged in the four kettles and the

finished goods collected from the fourteen receivers; however, the log book is not readily available but can be submitted within three to four days. He was not aware of the nomenclature or chemical description of the raw materials used. The selection of raw materials and the required parameters such as purity percentage, boiling point range, and moisture removal are decided by Mr. Seenivasan Narayanasamy. The finished products are tested in the in-house laboratory managed by Mr. Dharmendrasinh Vaghela and Mr. GajendrasinhHimmatsinh Zala, both Senior Chemists, though I am unaware whether the laboratory conforms to ISO/IEC 17025, IS 8091 (2008), or other relevant standards.

- Regarding his role, he had read and signed the statement dated 05.06.2025 of Mr. Seenivasan Narayanasamy, who stated that there were four Chemical Engineers at the plant and that Mr. Karan Pandian led the team overseeing production, quality, and standards. heclarifies that he works under the supervision of Mr. Karan Pandian, taking instructions from him and directing the production team accordingly. He has no knowledge of any specific quality norms or standards being maintained at the unit. To his knowledge, no other person or firm is involved in the manufacturing process apart from Mr. Seenivasan Narayanasamy. The plant is equipped with 14 underground tanks, 7 aboveground tanks, 4 kettles, 8 condensers, 14 receivers, 6 ISO tanks, and 4 boilers, though I am not aware of their installation or commissioning dates. Out of the four kettles, two are made of mild steel with a capacity of 50 KL each, and the other two are stainless steel kettles of 30 KL each, totaling 160 KL capacity. Generally, only 90–95% of this capacity is used per batch. The first distillation batch takes approximately 30–40 hours, while subsequent batches require 15–18 hours. The raw materials typically contain 18–30% moisture, which is reduced to 10–12%, resulting in an 8–20% loss due to evaporation and moisture removal. Apart from this moisture reduction, no other manufacturing process is performed; however, if the finished product does not meet required parameters, it is reprocessed from the beginning.
- Further, he had reviewed the electricity bills for the past 12 months and signed them in acknowledgment. He stated that the production line was mostly non-operational during 2024–25 due to maintenance, line modification, and civil works. On being asked Mr. Seenivasan Narayanasamy has mentioned in his statement that the company uses imported raw materials such as Hydrocarbon Solvent, Aromatic Solvent, and Petroleum Hydrocarbon Solvent to produce Industrial Oil, he stated that he was unaware of such details and did not know how these materials could produce a single finished product. No Chemical Engineer is available at the plant.;That the unit has been non-operational since 25th May 2025 due to maintenance activities, specifically the installation of four new aboveground tanks.

## **7. Non-appearance against Summons issued to other concerned persons:**

### **7.1 Shri Venkataraman, Plant head of M/s GKN Chemical India Pvt.Ltd.**

Shri Venkataramanwas issued Summons dated 28.08.2025 for appearance on 30.08.2025, Summons dated 19.09.2025 for appearance on 22.09.2025, Summons



dated 17.10.2025 for appearance on 01.11.2025, in the matter of M/s. GKN Chemical India Private Limited but he did not appear against any of these Summons issued to him.

## **7.2 Shri Sujith Padayachi, Sr. Manager, M/s GKN Chemical India Pvt. Ltd.**

Shri Sujith Padayachi was issued Summons dated 13.08.2025 for appearance on 20.08.2025, Summons dated 28.08.2025 for appearance on 10.09.2025, Summons dated 19.09.2025 for appearance on 23.09.2025, in the matter of M/s. GKN Chemical India but he did not appear against any of these Summons issued to him.

## **7.3 Shri N. Seenivasan, Director of M/s GKN Chemical India Pvt. Ltd**

Shri N. Seenivasan was issued subsequent Summons dated 11.07.2025 for appearance on 18.07.2025, Summons dated 11.08.2025 for appearance on 13.08.2025, Summons dated 17.10.2025 for appearance on 28.10.2025, Summons dated 14.11.2025 for appearance on 15.11.2025 in the matter of M/s. GKN Chemical India but he did not appear against any of these Summons issued to him.

## **7.4 Shri Narayanasamy Sivamurugeswarapandian, Director of M/s GKN Chemicals India Pvt. Ltd**

Summons dated 18.06.2025 for appearance on 20.06.2025, Summons dated 17.10.2025 for appearance on 28.10.2025, in the matter of M/s. GKN Chemical India but he did not appear against any of these Summons issued to him.

**7.5** Further, Summons were issued to the major firms who have dealt with M/s GKN Chemical India Private Limited as per the Sales. The details are as below:

(i) Proprietor of M/s Aastha Impex: The Proprietor of M/s Aastha Impex was issued Summons dated 26.06.2025 for appearance on 02.07.2025, Summons dated 11.08.2025 for appearance on 13.08.2025, Summons dated 23.09.2025 for appearance on 26.09.2025, in the matter of M/s. GKN Chemical India Private Limited but he did not appear against any of these Summons issued to him.

(ii) Proprietor of M/s Arihant Agro Industries: The Proprietor of M/s Arihant Agro Industries was issued Summons dated 26.06.2025 for appearance on 01.07.2025, Summons dated 11.07.2025 for appearance on 24.07.2025, Summons dated 23.09.2025 for appearance on 25.09.2025 in the matter of M/s. GKN Chemical India Private Limited but he did not appear against any of these Summons issued to him.

(iii) Proprietor of M/s Radhe Madhav Trade: The Proprietor of M/s Radhe Madhav Trade was issued Summons dated 26.06.2025 for appearance on 03.07.2025, Summons dated 11.07.2025 for appearance on 22.07.2025, Summons dated 23.09.2025 for appearance on 25.09.2025, in the matter of M/s. GKN Chemical India Private Limited but he did not appear against any of these Summons.

## **8. Relevant Legal provisions:**

### **(A) RELEVANT PROVISIONS OF SEZ ACT, 2005:**

**8.1. Definitions.**—In this Act, unless the context otherwise requires,—

.....

(o) “**import**” means—

(i) *bringing goods or receiving services, in a Special Economic Zone, by a Unit or Developer from a place outside India by land, sea or air or by any other mode, whether physical or otherwise; or*

(ii) *receiving goods, or services by a Unit or Developer from another Unit or Developer of the same Special Economic Zone or a different Special Economic Zone;*

**Section 21: Single enforcement officer or agency for notified offences.—**

1. *The Central Government may, by notification, specify any act or omission made punishable under any Central Act, as notified offence for the purposes of this Act.*
2. *The Central Government may, by general or special order, authorise any officer or agency to be the enforcement officer or agency in respect of any notified offence or offences committed in a Special Economic Zone.*
3. *Every officer or agency authorised under sub-section (2) shall have all the corresponding powers of investigation, inspection, search or seizure as is provided under the relevant Central Act in respect of the notified offences.*

**Section 22: Investigation, inspection, search or seizure.—**

*The agency or officer, specified under section 20 or section 21, may, with prior intimation to the Development Commissioner concerned, carry out the investigation, inspection, search or seizure in the Special Economic Zone or in a Unit if such agency or officer has reasons to believe (reasons to be recorded in writing) that a notified offence has been committed or is likely to be committed in the Special Economic Zone:*

*Provided that no investigation, inspection, search or seizure shall be carried out in a Special Economic Zone by any agency or officer other than those referred to in sub- section (2) or sub-section (3) of section 21 without prior approval of the Development Commissioner concerned:*

*Provided further that any officer or agency, if so authorised by the Central Government, may carry out the investigation, inspection, search or seizure in the Special Economic Zone or Unit without prior intimation or approval of the Development Commissioner*

**Notification Nos. 2665(E) and 2667(E) dated 05.08.2016:**

1. *In exercise of the powers conferred by section 22 of the Special Economic Zones Act, 2005 (28 of 2005), the Central Government by Notification No. 2667(E) dated 05.08.2016 issued by the Ministry of Commerce & Industry, has authorized the jurisdictional Customs Commissioner, in respect of offences under the Customs Act, 1962 (52 of 1962) to be the enforcement officer(s) in respect of any notified offence or offences committed or likely to be committed in a Special Economic Zone. The enforcement officer(s), for the reasons to be recorded in writing, may carry out the investigation, inspection, search or seizure in a Special Economic Zone or Unit with prior intimation to the Development Commissioner, concerned. Under Section 21(1) of the SEZ Act, 2005, the Central Government may, by notification, specify any act or omission made punishable under any Central Act, as notified offence for the purposes of this Act.*

2. *The Central Government, by the Notification 2665(E) dated 05.08.2016 has notified offences contained in Sections 28, 28AA, 28AAA, 74, 75, 111, 113, 115, 124, 135 and 104 of the Customs Act, 1962 (52 of 1962) as offences under the SEZ Act, 2005.*

**47 (5)** *Refund, Demand, Adjudication, Review and Appeal with regard to matters relating to authorise operations under Special Economic Zones Act, 2005, transactions, and goods and services related thereto, shall be made by the Jurisdictional Customs and Central Excise Authorities in accordance with the relevant provisions contained in the Customs Act, 1962, Central Excise Act, 1944, and the Finance Act, 1994 and the rules made thereunder or the notifications issued thereunder.*

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

27101931	---	Kerosene intermediate and oils obtained from kerosene intermediate: ---- Kerosene intermediate	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.
27101932	---	Kerosene intermediate and oils	STE (State	Import as per Policy Condition

		obtained from kerosene intermediate: ---- Kerosene conforming to standard IS 1459	Trading Enterprise)	(5) of Chapter 27.		
27101933	---	Blended Aviation turbine fuel	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.	40/2024-25	26/11/2024
27101939	---	obtained from kerosene intermediate: ---- Aviation turbine fuels, kerosene type conforming to standard IS 1571	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.		
27101941	---	Gas oil and oils obtained from gas oil: ---- Gas oil	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.		
27101942	---	Gas oil and oils obtained from gas oil: ---- Vacuum gas oil	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.		
27101943	---	Gas oil and oils obtained from gas oil: ---- Light diesel oil conforming to standard IS 15770	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.		
27101944	---	Gas oil and oils obtained from gas oil: ---- Automotive diesel fuel, not containing biodiesel, conforming to standard IS 1460	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.		
27101949	---	Gas oil and oils obtained from gas oil: ---- High flash high speed diesel fuel conforming to standard IS 16861	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.		
27101951	---	Fuel oils conforming to standard IS 1593: ---- Grade LV	Free			

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

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

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

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

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

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

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

### **(B) RELEVANT PROVISIONS OF CUSTOMS ACT, 1962:**

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

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

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

**Section 2(26):** *"importer", in relation to any goods at any time between their importation and the time when they are cleared for home consumption, includes [any owner, beneficial owner] or any person holding himself out to be the importer;*

**Section 2(39):** *"smuggling", in relation to any goods, means any act or omission which will render such goods liable to confiscation under section 111 or section 113.*

**Section 11A:** *"illegal import" means the import of any goods in contravention of the provisions of this Act or any other law for the time being in force.*

### **8.6 Section 17 Assessment of duty:**

*(1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided*

*in section 85, self-assess the duty, if any, leviable on such goods.*

..

*(4) Where it is found on verification, examination or testing of the goods or otherwise that the self-assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods.*

## **8.7 Section 46Entry of goods on importation:**

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

*(4A) the importer who presents a bill of entry shall ensure the following, namely:*

- (a) The accuracy and completeness of the information given therein;*
- (b) The authenticity and validity of any document supporting it; and*
- (c) Compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.*

## **8.8 Section 111. Confiscation of improperly imported goods, etc. :**

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

*--(d) any goods which are imported or attempted to be imported or are brought within the Indian customs waters for the purpose of being imported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force;*

*(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 transshipment, with the declaration for transshipment referred to in the proviso to sub-section (1) of section 54;*

## **Section 112Penalty for improper importation of goods, etc.:**



*Any person,-*

- a. *who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 111, or abets the doing or omission of such an act, or*
- b. *who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111,*

*shall be liable,-*

- i. *in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty 5 [not exceeding the value of the goods or five thousand rupees], whichever is the greater;*
- ii. *in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher:*

**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 117. Penalties for contravention, etc., not expressly mentioned.—**

*Any person who contravenes any provision of this Act or abets any such contravention or who fails to comply with any provision of this Act with which it was his duty to comply, where no express penalty is elsewhere provided for such contravention or failure, shall be liable to a penalty not exceeding 3 [one lakh rupees].*

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

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

*.....*

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

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

*Provided that .....*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*(1) Subject to the provisions of rule 3, where the value of imported goods cannot be determined under the provisions of any of the preceding rules, the value shall be determined using reasonable means consistent with the principles and general*

*provisions of these rules and on the basis of data available in India;*

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

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

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

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

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

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

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

*(vi) minimum customs values; or*

*(vii) arbitrary or fictitious values.*

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

## **(D ) RELEVANT PROVISIONS OF Bharatiya Sakshya Adhiniyam (BSA) 2023**

**Section 119 of the Bharatiya Sakshya Adhiniyam (BSA) 2023 is reproduced below;**

**119. Court may presume existence of certain facts.—***( 1) The Court may presume the existence of any fact which it thinks likely to have happened, regard being had to the common course of natural events, human conduct and public and private business, in their relation to the facts of the particular case. Illustrations.*

The Court may presume that—

- a. *a man who is in possession of stolen goods soon, after the theft is either the thief or has received the goods knowing them to be stolen, unless he can account for his possession;*
- b. *an accomplice is unworthy of credit, unless he is corroborated in material particulars;*
- c. *a bill of exchange, accepted or endorsed, was accepted or endorsed for good consideration;*

- d. *a thing or state of things which has been shown to be in existence within a period shorter than that within which such things or state of things usually cease to exist, is still in existence;*
- e. *judicial and official acts have been regularly performed;*
- f. *the common course of business has been followed in particular cases;*
- g. *evidence which could be and is not produced would, if produced, be unfavourable to the person who withholds it;*
- h. *if a man refuses to answer a question which he is not compelled to answer by law, the answer, if given, would be unfavourable to him;*
- i. *when a document creating an obligation is in the hands of the obligor, the obligation has been discharged.*

(2) *The Court shall also have regard to such facts as the following, in considering whether such maxims do or do not apply to the particular case before it:—*

- j. *as to Illustration (a)—a shop-keeper has in his bill a marked rupee soon after it was stolen, and cannot account for its possession specifically, but is continually receiving rupees in the course of his business;*
- (ii) *as to Illustration (b) —A, a person of the highest character, is tried for causing a man's death by an act of negligence in arranging certain machinery. B, a person of equally good character, who also took part in the arrangement, describes precisely what was done, and admits and explains the common carelessness of A and himself;*
- (iii) *as to Illustration (b) —a crime is committed by several persons. A, B and C, three of the criminals, are captured on the spot and kept apart from each other. Each gives an account of the crime implicating D, and the accounts corroborate each other in such a manner as to render previous concert highly improbable;*
- (iv) *as to Illustration (c)—A, the drawer of a bill of exchange, was a man of business. B, the acceptor, was a young and ignorant person, completely under A's influence;*
- (v) *as to Illustration (d)—it is proved that a river ran in a certain course five years ago, but it is known that there have been floods since that time which might change its course;*
- (vi) *as to Illustration (e)—a judicial act, the regularity of which is in question, was performed under exceptional circumstances;*
- (vii) *as to Illustration (f)—the question is, whether a letter was received. It is shown to have been posted, but the usual course of the post was interrupted by disturbances;*
- (viii) *as to Illustration (g)—a man refuses to produce a document which would bear on a contract of small importance on which he is sued, but which might also injure the feelings and reputation of his family;*
- (ix) *as to Illustration (h)—a man refuses to answer a question which he is not compelled by law to answer, but the answer to it might cause loss to him in matters unconnected with the matter in relation to which it is asked;*
- (x) *as to Illustration (i)—a bond is in possession of the obligor, but the circumstances of the case are such that he may have stolen it.*

## **9. Valuation:**

**9.1.** From the foregoing paras, it is evident that M/s. G K N Chemical India Pvt. Ltd. was involved in mis-declaration of goods in terms of description and classification and the declared value in the corresponding Bill of Entry appears to be not acceptable as

true transaction value and merits rejection in terms of Section 14 of Customs Act, 1962 read with Rule 12 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. The value is required to be re-determined by sequentially proceeding in terms of Rules 4 to 9 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. Since exact comparative data in respect of the import goods covered under the subject consignments are not available in absence of clear descriptions and mis-declaration on the part of the importer, the value of the subject import consignments cannot be determined as per the provisions of Rule 4 to Rule 8 to the Customs Valuation (Determination of value of Imported goods) Rules, 2007. Since the goods cannot be fully compared with similar/identical imports as the same are restricted goods, their value appears to be determinable under Rule 9 (Residual method) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 read with sub-section (1) of Section 14 of Customs Act, 1962 and on the basis of objective and quantifiable data available in India. For valuation of the seized goods-HFHSD and LDO, Market rates of the goods in the period June-2025 were taken, such as invoices generated by IOCL, HFHSD-Rs 88,516/Ton and LDO-Rs 54,970/KL **(RUD-13)**.

**9.2** Additionally for the SKO, price of non-PDS Kerosene as on 01.08.2025 from the website of IOCL, as Rs. 87,500.25/KL, has been referred. **(RUD No-14)** As per the said prices, value of the goods for which reports have been received from IOCL, Kandla and CRCL Vadodara, is as below.

**Table-4**

Sl. No.	Tanker/Tank/Bill of Entry No.	Sample Test Result	Declared Description	Quantity (in MT)	Declared value as per BoE	Approx. Market Value (in Rs.)
01.	M Type BE No. 2414257)	High Flash High Speed Diesel (HFHSD)	Industrial Oil	200	70,00,000	1,77,03,200
02.	Tank No. 17	High Flash High Speed Diesel (HFHSD)	Industrial Oil	5.004	-	4,42,934
03.	Tank No. 18	Light Diesel Oil (LDO)	Hydrocarbon Solvent	162.11	-	1,04,44,300
04.	11 Containers Bill of Entry No. 2425928 dated 02.06.2025	Super Kerosene Oil (SKO)	Hydrocarbon Solvent	176.51	69,40,110	1,98,96,682
05.	Bill of Entry No. 3244314 dated 14.07.2025	Light Diesel Oil (LDO)	Hydrocarbon Solvent	462.90 (557.173 KL)	1,69,47,368	3,06,27,800
06.	Bill of Entry No. 3244548 dated 14.07.2025	Light Diesel Oil (LDO)	Hydrocarbon Solvent	462.98 (557.270 KL)	1,69,50,297	3,06,33,132



	<b>Total</b>	<b>10,97,48,048</b>
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## **10. Findings of the investigation:**

**10.1** The investigation conducted by the Directorate of Revenue Intelligence (DRI), Gandhidham Regional Unit, against M/s. GKN Chemical India Pvt. Ltd. reveals systematic misdeclaration and illegal importation of restricted petroleum products. The SEZ unit, which was granted Letter of Approval on 20.01.2023 for manufacturing and trading of petrochemical products, has been found importing finished automotive fuels such as diesel and kerosene by mis-declaring them as "Hydrocarbon Solvents". The test reports received from IOCL Kandla and CRCL Vadodara conclusively established that the imported goods, instead of being Industrial Oil/Hydrocarbon solvent as declared, were in fact High Flash High Speed Diesel (HFHSD) conforming to IS 16861:2018, Light Diesel Oil (LDO) conforming to IS 15770:2021, and Super Kerosene Oil (SKO) conforming to IS 1459:2018. These petroleum products fall under restricted import categories as per ITC(HS) 2022, Schedule 1, requiring import only through State Trading Enterprises (IOC) subject to Policy Condition No. 5, which the SEZ unit was not authorized to undertake. Further, on 04.06.2025, DRI officers intercepted oil tanker bearing registration No. GJ-39-TA-1434 which had been loaded from the SEZ unit under M-Type Bill of Entry No. 2414257 dated 02.06.2025 for clearance into the Domestic Tariff Area (DTA) under the description "Industrial Oil"; the chemical testing of the sample drawn from this tanker confirmed to meet the standards of High Flash High Speed Diesel (HFHSD), thereby establishing that restricted petroleum product has been cleared in the said 'M' Type Bill of Entry under the guise of manufactured "Industrial Oil" without any actual manufacturing process.

**10.2** From the above, it is revealed that the importation made by the importer is in violation of the Import Policy pertaining to HS Code 27101932, 27101943 and 27101949 and thereby it is in violation of Para 2.01 and 2.21 of the Foreign Trade Policy 2023 as extended. As per Para 2.01 of the FTP, the imports shall be free, except when regulated by way of prohibition, restriction or exclusive trading through State Trading Enterprises (STEs) as laid down in the Indian Trade Classification (Harmonized System) [ITC (HS)] of Exports and Imports. Looking to the aforesaid facts, since the goods falling under HS Code 27101932, 27101943 and 27101949 not being freely importable, the same would fall in the exceptional character with importation through the STEs only. As per Para 2.21 of the FTP, any goods, import of which is governed through exclusive or special privilege granted to the STEs, may be imported by the concerned STEs as per the condition specified in the ITC (HS). DGFT has however been given authority to grant an authorization to any other person to import the goods notified for exclusive trading through the STEs.

**10.2.1** As per Para 11.41 of the FTP, 2023, "Prohibited" indicates the import/export policy of an item, as appearing in ITC (HS) or elsewhere, whose import or export is not permitted. In the instant case, since the import of HFHSD/LDO/SKO classifiable under HS Code 27101932, 27101943 and 27101949 is not permitted by the entities other than STEs, the import of said goods by the private entities is prohibited.

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

of that Act shall have effect accordingly.

**10.3** M/s. GKN Chemical India Pvt. Ltd. has been found violating the provisions of Petroleum Act, 1934 and Petroleum Rules, 2002. The goods were imported in gross violation of the said provisions. The Petroleum Act, 1934, classifies petroleum products into 3 categories based on their flash points: **Class A** (below 23°C), **Class B** (between 23°C and 65°C), and **Class C** (between 65°C and 93°C). As per the test reports, High Flash High Speed Diesel (HFHSD) and Light Diesel Oil (LDO) with flash points exceeding 65°C fall within Class C petroleum, while Superior Kerosene Oil (SKO) with flash point around 23-65°C falls under Class B petroleum products as per the Petroleum Act, 1934. Under Rule 2(1)(d) of the Petroleum Rules, 2002, "Petroleum" means any liquid hydrocarbon or mixture of hydrocarbons, and any inflammable mixture (liquid, viscous or solid) containing any liquid hydrocarbon. Rule 3 of the Petroleum Rules, 2002 mandates that no person shall import, transport, store, or sell petroleum except under and in accordance with a license granted under these rules. Furthermore, Rule 126 specifically deals with the grant of licenses for import of petroleum and prescribes detailed conditions.

Shri Seenivasan, in his statement dated 05.06.2025, claimed to possess all necessary permissions and licenses to import, manufacture, transport and store petroleum products under the Petroleum Act, 1934 and Petroleum Rules, 2002. However, the investigation has revealed that the goods imported and stored are restricted petroleum products classifiable as motor fuels under Class B and Class C petroleum as defined under the Petroleum Act, 1934 and Petroleum Rules, 2002, which require specific regulatory compliance beyond mere storage licenses. The SEZ unit, while claiming to possess licenses under the Petroleum Act, has failed to establish that it held valid authorization to import restricted petroleum products classified as motor fuels, which are subject to additional restrictions under the Foreign Trade Policy and can only be imported through designated State Trading Enterprises. Further, Rule 4 and Rule 6 of the Petroleum Rules, 2002 mandate that containers for petroleum Class B and Class C shall be constructed of steel or iron and be of a type approved by the Chief Controller, and that proper air space must be maintained in each container. By importing restricted petroleum products without proper authorization and potentially in violation of container specifications, M/s. GKN Chemical India Pvt. Ltd. appears to have put public safety and the environment at risk.

**10.4** And whereas on analysis of the parameters detailed in the Test Reports vis-a-vis the parameters stipulated in the BIS standards of High Flash High Speed Diesel (IS 16861:2018), Light Diesel Oil (IS 15770:2021) and Super Kerosene Oil (IS 1459:2018), it appeared in accordance with the intelligence, that goods being imported/stored in Tanks/Loaded in the Truck appeared to be mis-declared. The parameters of the samples drawn from the consignments on being tested and analysed by IOCL Kandla and CRCL Vadodara, indicate that all the parameters pertain to High Flash High Speed Diesel (HFHSD), Light Diesel Oil (LDO) and Super Kerosene Oil (SKO). It appears that the commodity sought to be actually imported viz, HFHSD, LDO and SKO under the subject consignments have been misclassified in different CTHs i.e. which do not put any restriction on the import of goods covered under the said CTHs. It appears that the goods have been deliberately given description as "Hydrocarbon Solvent" " so that the same can be classified in the category of Chapter Heading 27101990 as there is no restriction in the import of commodities falling in the said category of the Customs Tariff Act, 1962. Further, as per ITC(HS), 2022, Schedule 1: Import Policy, Section V: Mineral Products, Chapter 27: Mineral Fuels, Mineral Oils And Products Of Their Distillation; Bituminous Substances; Mineral

Waxes: Goods falling under the description of "Kerosene intermediate and oils obtained from kerosene intermediate: Kerosene conforming to standard IS 1459", "Gas oil and oils obtained from gas oil: Light Diesel Oil (LDO) conforming to Standards IS 15770 and High Flash High-Speed Diesel fuel conforming to standard 16861" the import policy makes the goods restricted by way of importation by State Trading Enterprises only by virtue of Policy Condition No. 5 which prescribes "Import allowed through IOC subject to para 2.21 of Foreign Trade Policy, except for the companies who have been granted rights for marketing of transportation fuels in terms of Ministry of P&NGs Resolution No. P23015/1/2001-MKT. Dated 8.3.2002 including HPCL, BPCL and IBP who have been marketing transportation fuels before this date". It thus appears that M/s. GKN Chemical India Pvt. Ltd. deliberately resorted to misdeclaration and misclassification of restricted petroleum products as freely importable goods to circumvent the import restrictions applicable on the same.

**10.5** It appears that the SEZ unit deliberately imports restricted petroleum products which can only be imported by State Trading Entities subject to DGFT Import Policy Condition No. 5 of Chapter 27. These petroleum products are imported by mis-declaring them under generic name such as "Hydrocarbon solvent" under the CTH 27101990 which are shown as raw materials for manufacturing. As per LOA granted to the unit, the above goods are imported as raw materials for manufacture of certain finished products. The above raw materials i.e. petroleum products were cleared as finished product under the description "Industrial Oil". They do not have any standard process of manufacturing of the said product. There is no SOP being followed to manufacture the goods. However, for each consignment of imported raw materials, they have enclosed copies of certificate of analysis, where they mention flash point to generally above 1000C. It was being deliberately misreported to keep the subject goods out of the purview of the Petroleum Act, 1934 and Petroleum Rules, 2002.

10.5.1 Further, the Chartered Engineer physically visited the said premise of the Importer and submitted Inspection report dated 29.08.2025, w.r.t the plant and machinery installed at the premises of the Importer. As per the power consumption of plant and machinery highlighted in the report when compared with the power consumption of electricity bills of the relevant period, it appears no manufacturing activity has taken place.

**10.6** Further, Shri Seenivasan Narayanasamy, through his consultant, vide letter dated 15.11.2025, requested retesting of the goods. However, this request appears to be a dilatory tactic aimed at delaying the investigation, as the retesting request was made after the stipulated time period prescribed under the relevant provisions. Accordingly, the said retesting request was rejected by the Competent Authority.

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

**10.8** And whereas in terms of Section 46(4) of the Customs Act, 1962, the importer has to certify the truth of the contents of the Bills of Entry. Further, in terms of Section 46(4A) of the Customs Act, 1962, the importer who presents a bill of entry shall

ensure the accuracy and completeness of the information given therein; shall ensure the authenticity and validity of any document supporting it; and shall ensure compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force. In the instant case it appears that the SEZ unit was fully aware of the actual goods imported by them. Thus, in view of the facts discussed in the foregoing paras and material evidences available on records, it appears that M/s. GKN Chemical India Pvt. Ltd. has contravened the provisions of Section 46(4) and 46(4A) of the Customs Act, 1962, in as much as they had intentionally mis-declared the description of the goods imported by them with a malafide intention to import restricted goods under the garb and guise of freely importable goods.

## **11. Role and Culpability:**

### **11.1 Role and Culpability of Shri Narayanasamy Seenivasan, Director of M/s. GKN Chemical India Pvt. Ltd., (SEZ Unit):**

11.1.1 From the facts narrated in foregoing paras and evidences gathered during investigation, it appears that, Shri Seenivasan Narayanasamy in his statement recorded under Section 108 of the Customs Act, 1962 on 05.06.2025 inter alia stated that he is responsible for all the operations of the company; that M/s GKN Chemical India Private Limited is a manufacturing entity; and that he looks after all the work related to sale, purchase, import and export (both domestic and international dealings). Thus, it is evident that Shri N. Seenivasan was the key decision-maker and operational head of M/s. GKN Chemical India Pvt. Ltd., exercising complete control and supervision over all business activities including import operations, manufacturing processes, and clearances into the Domestic Tariff Area (DTA).

11.1.2 And whereas it appears that Shri N. Seenivasan was fully aware of the nature of goods being imported and deliberately orchestrated the misdeclaration and misclassification of restricted petroleum products to circumvent import restrictions. In his statement dated 05.06.2025, he claimed that through fractional distillation process the finished products as Industrial Oil, Naptha and Turpentine Oil are prepared by blending different raw materials; that there are 04 chemical engineers employed; and that he has all permissions/licenses under Petroleum Act, 1934 or Petroleum Rules 2002. However, these claims were categorically contradicted by Production Executives Shri Karan Pandiyan and Shri Karthick K, both of whom denied the existence of any Chemical Engineers at the plant and stated that apart from moisture reduction (8-20% loss), no additional chemical process or blending is performed; that there are no Standard Operating Procedures (SOPs); and that the plant has been non-operational since 25th May 2025. On being asked about the stock mismatch of 200 MT of Industrial oil and 562 MT raw materials, Shri Seenivasan stated that he would submit documents within 02 days, however, no such documents were ever submitted. On being asked about the difference between aromatic solvent and hydrocarbon solvent, he stated that if a product does not fall under the IS/BIS standards, then importer has no other option than to classify it in "others" category under CTH 27101990, demonstrating his awareness of the classification system and his deliberate misuse of the "Others" category to import restricted petroleum products that actually conform to specific BIS standards and are correctly classifiable under CTHs where import restrictions apply.

11.1.3 Further, Shri N. Seenivasan deliberately failed to cooperate with the

investigation and evaded multiple summons issued by the DRI. After his initial statement on 05.06.2025, Shri N. Seenivasan was issued subsequent Summons dated 11.07.2025 for appearance on 18.07.2025, Summons dated 11.08.2025 for appearance on 13.08.2025, Summons dated 17.10.2025 for appearance on 28.10.2025, and Summons dated 14.11.2025 for appearance on 15.11.2025 in the matter of M/s. GKN Chemical India, but he did not appear against any of these Summons issued to him. This deliberate non-cooperation and evasion of summons demonstrates his consciousness of guilt and intent to obstruct the investigation. And whereas by attempting to import restricted goods classified as motor fuels under CTH 27101949 (HFHSD), CTH 27101943 (LDO) and CTH 27101932 (SKO) by misdeclaring them as "Hydrocarbon Solvent" under CTH 27101990, and clearing them into DTA without any genuine manufacturing process, Shri N. Seenivasan appears to have indulged in the act of smuggling as defined under Section 2(39) of the Customs Act, 1962. As the key decision-maker and operational head responsible for all operations including import, sale, and purchase, Shri N. Seenivasan appears to have knowingly violated the provisions of Section 17(1), Section 46(4) and 46(4A) of the Customs Act, 1962 by deliberately mis-declaring and mis-classifying the imported goods with intent to import restricted goods under the garb of freely importable goods, thereby contravening the import restrictions prescribed under the Foreign Trade Policy and rendering the goods liable to confiscation under Section 111(d) and (m) of the Customs Act, 1962. Thus, Shri N. Seenivasan, and, firm- M/s. GKN Chemical India Pvt. Ltd appears to have rendered himself liable for penal action under **Sections 112(a), 112 (b) and 114AA of the Customs Act, 1962**, for his deliberate and conscious involvement in the illegal importation of restricted petroleum products through fraudulent misdeclaration and misclassification of the goods.

**11.2 Role and culpability of Shri Narayanasamy Sivamurugeswarapandian, Director of M/s. GKN Chemical India Pvt.Ltd.**Whereas it appears from the foregoing paras that Shri Narayanasamy Sivamurugeswarapandian is one of the two Directors of M/s. GKN Chemical India Pvt. Ltd., along with his younger brother Shri N. Seenivasan. And whereas being a director of the company, Shri Narayanasamy Sivamurugeswarapandian was responsible for the overall management, supervision and operations of M/s. GKN Chemical India Pvt. Ltd., and appears to have been fully aware of the illicit activities being undertaken by the SEZ unit involving import of restricted petroleum products under the garb of freely importable goods and their subsequent clearance into DTA without any genuine manufacturing process. And whereas Shri Narayanasamy Sivamurugeswarapandian was issued Summons dated 18.06.2025 for appearance on 20.06.2025 and Summons dated 17.10.2025 for appearance on 28.10.2025, in the matter of M/s. GKN Chemical India but he did not appear against any of these Summons issued to him, demonstrating deliberate non-cooperation with the investigation and consciousness of guilt regarding the illicit activities of the SEZ unit. And whereas by his acts of omission and commission as Director of M/s. GKN Chemical India Pvt. Ltd., Shri Narayanasamy Sivamurugeswarapandian appears to have rendered himself liable for penal action under **Sections 112(a), 112 (b) and 114AA of the Customs Act, 1962** , for his role in the illegal importation of restricted petroleum products through fraudulent misdeclaration and misclassification, and for his deliberate non-cooperation with the investigation authorities.

**11.3 Role and culpability of M/s Aastha Impex, M/s Arihant Agro Industries, and M/s Radhe Madhav Trade.**

Whereas it appears from the foregoing paras that during the course of investigation, it

was found that M/s. GKN Chemical India Pvt. Ltd. was clearing the imported restricted petroleum products into the Domestic Tariff Area (DTA) by declaring them as "Industrial Oil" and selling them to various traders. And whereas the major trading partners who purchased goods from M/s. GKN Chemical India Pvt. Ltd. include M/s Aastha Impex, M/s Arihant Agro Industries, and M/s Radhe Madhav Trade. And whereas summons were issued to the proprietors of these firms to ascertain their role in the procurement and further sale of the goods cleared by M/s. GKN Chemical India Pvt. Ltd. The Proprietor of M/s Aastha Impex was issued Summons dated 26.06.2025 for appearance on 02.07.2025, Summons dated 11.08.2025 for appearance on 13.08.2025, and Summons dated 23.09.2025 for appearance on 26.09.2025. The Proprietor of M/s Arihant Agro Industries was issued Summons dated 26.06.2025 for appearance on 01.07.2025, Summons dated 11.07.2025 for appearance on 24.07.2025, and Summons dated 23.09.2025 for appearance on 25.09.2025. The Proprietor of M/s Radhe Madhav Trade was issued Summons dated 26.06.2025 for appearance on 03.07.2025, Summons dated 11.07.2025 for appearance on 22.07.2025, and Summons dated 23.09.2025 for appearance on 25.09.2025, in the matter of M/s. GKN Chemical India Private Limited. However, none of these proprietors appeared against any of the summons issued to them, showing their deliberate non-cooperation in the investigation.

11.3.1 And whereas the deliberate non-appearance of these buyers/trading partners despite repeated summons suggests their awareness and possible involvement in the illicit trading network established by M/s. GKN Chemical India Pvt. Ltd. for clearing restricted petroleum products into the domestic market. And whereas it appears that these Buyers were procuring goods declared as "Industrial Oil" from M/s. GKN Chemical India Pvt. Ltd., which were actually restricted petroleum products viz. HFHSD, LDO and SKO that had been imported without proper authorization and cleared into DTA without any genuine manufacturing process. Their deliberate failure to respond to summons and provide information regarding the procurement, use, and further sale of the goods purchased from M/s. GKN Chemical India Pvt. Ltd. indicates consciousness of guilt and suggests that they may have been aware or had reason to believe that the goods being purchased were restricted petroleum products being illicitly cleared into the domestic market. The omission and commission on the part of above firms have rendered themselves liable to penalty on each of them separately under **Section 112 (b) and Section 117 of the Customs Act, 1962**.

#### **11.4 Role and Culpability of other persons**

- Shri Venkataraman, Plant Head of M/s GKN Chemical India Pvt. Ltd.
- Shri Sujith Padayachi, Sr. Manager of M/s GKN Chemical India Pvt. Ltd

Whereas it appears from the foregoing paras that during the course of investigation, summons were issued to above mentioned employees of M/s. GKN Chemical India Pvt. Ltd. Shri Venkataraman, Plant Head of M/s GKN Chemical India Pvt. Ltd., was issued Summons dated 28.08.2025 for appearance on 30.08.2025, Summons dated 19.09.2025 for appearance on 22.09.2025, and Summons dated 17.10.2025 for appearance on 01.11.2025, but he did not appear against any of these Summons issued to him. Shri Sujith Padayachi, Sr. Manager of M/s GKN Chemical India Pvt. Ltd., was issued Summons dated 13.08.2025 for appearance on 20.08.2025, Summons dated 28.08.2025 for appearance on 10.09.2025, and Summons dated 19.09.2025 for appearance on 23.09.2025, but he did not appear against any of these Summons issued to him. The above employees, by virtue of their positions as Plant



Head and Senior Manager in the company, were expected to have knowledge of the import operations, manufacturing processes, and clearances being undertaken by M/s. GKN Chemical India Pvt. Ltd. And whereas Section 108 of the Customs Act, 1962 empowers officers of customs to summon any person whose attendance he considers necessary either to give evidence or to produce a document or thing in any inquiry which such officer is making under the Customs Act. Thus, Shri Venkataraman, Plant Head and Shri Sujith Padayachi, Sr. Manager of M/s GKN Chemical India Pvt. Ltd., by their deliberate and repeated failure to appear before the investigation authorities despite multiple summons being issued to them under Section 108 of the Customs Act, 1962, appear to have rendered themselves liable for penalty on each of them under **Section 117 of the Customs Act, 1962.**

**12.** Now therefore, M/s. GKN Chemical India Pvt. Ltd. , located at Plot No. 346-347, Sector - IV, PHASE - IV, KASEZ, Gandhidham, Kachchh, Gujarat, 370230, hereby called upon to Show Cause in writing to the Additional/Joint Commissioner of Customs, Customs House Kandla having office situated at Office of the Commissioner of Customs, Custom House, Near Balaji Temple, Kandla-370210 within 30 (thirty) days from the date of receipt of the notice, as to why-

- i. The declared classification and description of the goods imported vide Bill of Entry No. 2425928 dated 02.06.2025 should not be rejected and reclassified from Hydrocarbon Solvent (CTH-27101990) to Super Kerosene Oil (CTH-27101932).
- ii. The declared classification and description of the goods imported vide both Bill of Entry No. 3244314 dated 14.07.2025, and Bill of Entry No. 3244548 dated 14.07.2025 should not be rejected and reclassified from Hydrocarbon Solvent (CTH-27101990) to Light Diesel Oil (CTH-27101943).
- iii. The declared classification and description of the goods covered under 'M' Bill of Entry No. 2414257 dated 02.06.2025, should not be rejected and reclassified from Industrial Oil (CTH-27101990) to High Flash High Speed Diesel (HFHSD) under CTH 27101949.
- iv. The declared assessable value in the Bill of Entry No. 2425928 dated 02.06.2025, Bill of Entry No. 3244314 dated 14.07.2025, Bill of Entry No. 3244548 dated 14.07.2025 and 'M' type Bill of Entry No 2414257 dated 02.06.2025, totalling Rs. 4,78,37,775/- should not be rejected and re-determined as Rs. 9,88,60,814/- as per Table-4 above under Rule 9 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 read with Section 14 of the Customs Act, 1962;
- v. The description and classification of the goods stored in Storage Tank No-17 and 18, should not be rejected and the same should not be re-classified as High Flash High Speed Diesel (CTH 27101949) and Light Diesel Oil (CTH-27101943) respectively.
- vi. The goods imported vide Bill of Entry No. 2425928 dated 02.06.2025 containing 176.51 MT of Super Kerosene Oil (SKO), Bill of Entry No. 3244314 dated 14.07.2025 containing 462.90 MT of Light Diesel Oil (LDO) , Bill of Entry No. 3244548 dated 14.07.2025 containing 462.98 MT of Light Diesel Oil (LDO) conforming to IS 15770:2021, goods covered under 'M' type Bill of Entry No.

2414257 dated 02.06.2025, goods stored in Tank No-17 (HFHSD ) and Tank No. 18 (190 KL of LDO), all valued at Rs. 10,97,48,048/-, should not be confiscated under Section 111(d) and (m) of the Customs Act, 1962 since the subject goods have been imported in violation of the provisions of Para 2.01 and Para 2.21 of Foreign Trade Policy, 2023 read with Policy Condition No. 5 of Chapter 27 of ITC(HS), 2022, Schedule 1, Import Policy, which restricts the import of SKO (CTH 27101932), LDO (CTH 27101943) and HFHSD (CTH 27101949) to State Trading Enterprises only.

- vii. Penalty should not be imposed upon M/s. GKN Chemical India Pvt. Ltd under Sections 112 (a), 112(b), and 114AA of the Customs Act, 1962

**12.1** Now therefore, Shri N Seenivasan, director of M/s G K N Chemicals India Pvt. Ltd. and Shri Narayanasamy Sivamurugeswarapandian, Director, M/s. GKN Chemical India Pvt. Ltd may individually and separately be called upon to Show cause in writing to the Additional/Joint Commissioner of Customs, Customs HouseKandla having office situated at at Office of the Commissioner of Customs, Custom House,Near Balaji Temple, Kandla-370210 within 30 (thirty) days from the date of receipt of the notice, as to why Penalty should not be imposed upon each of them separately under **Sections 112 (a), 112(b), and 114AA of the Customs Act, 1962** , for the reasons discussed above.

**12.2** Now therefore, the following further persons/companies/firms/concerns as appearing in Column 2 of the following Table-I, are hereby individually and separately called upon to Show cause in writing to the Additional/Joint Commissioner of Customs, Customs HouseKandla having office situated at at Office of the Commissioner of Customs, Custom House,Near Balaji Temple, Kandla-370210, within 30 days from the receipt of the show cause notice as to why Penalty should not be imposed on each of them individually under below mentioned penal provisions, respectively under the Customs Act,1962 (as appearing at Column 3 to 6):

**Table-I**

S. No.	Name (S/Shri/ M/s)	Penal provisions under Customs Act, 1962			
(1)	(2)	(3)	(4)	(5)	(6)
1	M/s Aastha Impex	-	112(b)	-	117
2	M/s Arihant Agro Industries	-	112(b)	-	117
3	M/s Radhe Madhav Trade	-	112(b)	-	117
4	Shri Venkataraman	-	-	-	117
5	Shri Sujith Padayachi	-	-	-	117

**13.** All the Noticees are further required to produce at the time of showing cause all evidences upon which they intend to rely in support of their defence. They are further advised to indicate in their written submission as to whether they desire to be heard in person before the case is adjudicated. If no mention is made about this in their written submissions, it would be presumed that they do not desire to be heard in person. If no cause is shown by them against the action proposed to be taken within

30 days from the date of receipt of this Notice or if they do not appear before the adjudicating authority, when the case is posted for hearing, the case is liable to be decided Ex-Parte on the basis of material evidence available on record.

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

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

Additional Commissioner,  
Custom House Kandla.

**By Speed Post/Regd. Post/E-mail/Hand Delivery**

**List of Noticees:**

1. M/s. GKN Chemical India Pvt.Ltd. (IEC No.- AAJCG7002J), PLOT NO. 346-347, SECTOR - IV, PHASE - IV, KASEZ, Gandhidham, Kachchh, Gujarat, 370230(Email- seenivaasan@gkngroups.com).
2. Shri Seenivasan Narayanasamy, Director, M/s. GKN Chemical India Pvt. Ltd., Plot No. 346-347, Sector-IV, Phase-IV, KASEZ, Gandhidham, Kachchh, Gujarat-370230. (E-mail-seenivaasan@gkngroups.com)
3. Shri Narayanasamy Sivamurugeswarapandian, Director, M/s. GKN Chemical India Pvt. Ltd., Plot No. 346-347, Sector-IV, Phase-IV, KASEZ, Gandhidham, Kachchh, Gujarat-370230. (E-mail-info@gkngroups.com)
4. Shri Venkataraman, Plant Head, M/s. GKN Chemical India Pvt. Ltd., Plot No. 346-347, Sector-IV, Phase-IV, KASEZ, Gandhidham, Kachchh, Gujarat-370230. (E-mail-venkatesh@gkngroups.com)
5. Shri Sujith Padayachi, Sr. Manager, M/s. GKN Chemical India Pvt. Ltd., Plot No. 346-347, Sector-IV, Phase-IV, KASEZ, Gandhidham, Kachchh, Gujarat-370230( E-mail-info@gkngroups.com)
6. M/s Aastha Impex, First Floor, Office no.-07, Plot No. 326, Ward 12B, SatdevGandhidham, Kutch, Gujarat-370201(E-mail-aasthaimpex2016@gmail.com)
7. M/s Arihant Agro Industries, Agrasen Marg, DBZ-S-99, Opp. BMCB Complex, Gandhidham, Kutch, Gujarat-370201(E-mail-accounts@aumarihant.com)
8. M/s Radhe Madhav Trade, Ground Floor, Plot no. 13, Office no.-007, Sector No. 8, Riddhi Siddhi Arcade, Gandhidham, Kutch, Gujarat-370201(E-mail-

radhemadhav02@gmail.com)

**Annexure-R- List of Relied upon Documents**

Show Cause Notice in respect of M/s. GKN Chemical India Pvt. Ltd., (IEC-AAJCG7002J and GSTN- 24AAJCG7002J2ZP) Plot No. 346-347, Sector-IV, Phase-IV, KASEZ, Gandhidham, Kachchh, Gujarat

<b>RUD No.</b>	<b>Details of the RUD</b>	<b>No. of Pages</b>
<b>RUD-1</b>	Letter of Approval (LOA) No. 18/2022-23 dated 20.01.2023	<b>33</b>
<b>RUD-2</b>	Panchnama dated 04/05.06.2025	<b>08</b>
<b>RUD-3</b>	Panchnama dated 08.06.2025	<b>04</b>
<b>RUD-4</b>	Panchnama dated 17.07.2025/29.07.2025	<b>11</b>
<b>RUD-5</b>	Panchnama dated 07.08.2025 and 08.08.2025	<b>09</b>
<b>RUD-6</b>	IOCL Laboratory Kandla test reports dated 08.08.2025	<b>34</b>
<b>RUD-7</b>	CRCL, Vadodara Test reports	<b>93</b>
<b>RUD-8</b>	Seizure memo dated 14.08.2025 read with corrigendum dated 06.10.2025	<b>03</b>
<b>RUD-9</b>	Seizure memo dated 25.09.2025	<b>02</b>
<b>RUD-10</b>	Statement dated 05.06.2025 of Shri Seenivasan Narayanasamy Director of M/s. GKN Chemical India Private Limited	<b>06</b>
<b>RUD-</b>	Statement dated 24.06.2025 of Shri Karan Pandiyan,	

<b>11</b>	Executive of M/s. GKN Chemical India Pvt. Ltd.	<b>06</b>
<b>RUD-12</b>	Statement dated 30.06.2025 of Shri Karthick K, Executive of M/s. GKN Chemical India Pvt. Ltd.	<b>06</b>
<b>RUD-13</b>	Market rates of HFHSD and LDO referenced by IOCL in the period June-2025	<b>02</b>
<b>RUD-14</b>	Reference for the SKO price of non-PDS Kerosene as on 01.08.2025 from the website of IOCL	<b>01</b>