Government of India
Ministry of Commerce & Industry
Directorate General of Foreign Trade
Udyog Bhawan, New Delhi

F.No. 18/43/2022-23/ECA-I/E-34842 | 1185 Date of Order : 20 . 07.2026

Date of Dispatch: 20 . 07.2026

Name of the Petitioner:	M/s. Sri Anjaneya Cotton Mills Private Limited, Bada Road, Davanagere, Tholahunse, Karnataka-577007
IEC No.	0798009314
Order Reviewed against:	Order-in-Original No. BNGEAPPLY00029890AM22 dated 29.11.2021 passed by Deputy DGFT, RA Bengaluru.
Order-in-Review passed by:	Lav Agarwal, DGFT

Order-in-Review

M/s. Sri Anjaneya Cotton Mills Private Limited (here-in-after referred to as 'the petitioner') filed a Review Petition dated 17.12.2022 under Section 16 of the Foreign Trade (Development & Regulation) Act, 1992, as amended (here-in-after referred to as 'the Act') against Order-in-Original No. BNGEAPPLY00029890AM22 dated 29.11.2021 passed by Deputy DGFT, RA Bengaluru.

Brief of the Case

M/s Sri Anjaneya Cotton Mills Pvt. Ltd., had obtained the EPCG Authorization No. 0730008199 dated 31.08.2009 under 3% concessional duty EPCG Scheme for duty saved value of Rs.38,29,403/- subject to export obligation equivalent to US $ 629,060.04 (Rs.3,06,35,224/-) i.e 8 times of the Duty Saved Value to be fulfilled within a period of 8 years from the date of issue of the authorization, subject to the condition that 50% export obligation should be met in the first block within six years from the date of issue of authorization and the balance 50% export obligation in the next two years. The annual average of the past export performance is Rs. 2,24,43,544.33/-.

2. Whereas, as per the facts/record of the case, due diligence was not shown by the petitioner, failing to comply with the conditions of the EPCG Authorization and did not submit export obligation fulfilment documents as required. In view of the above, RA Bengaluru issued a Show Cause Notice (SCN) dated 14.09.2021 with an opportunity of Personal Hearings (PH) to explain the reasons and facts within a period of 15 days, as to why action should not be taken for placing the petitioner under Denied Entity List (DEL), refusing issuance of further licenses/renewal of old licenses and other export benefits etc. in terms of Section 9(2) of the Act read with Rule 7(1)(k) of Foreign Trade (Regulation) Rules, 1993 and as to why penalty should not be imposed under Section 11(2) the Act.

2.1. However, the petitioner failed to appear for PH and did not submit the export documents. They also failed to regularize the case by paying the entire duty saved value utilized along with interest thereon.

3. In view of the foregoing facts, absence of export documents and carefully deciding the case, Deputy DGFT, RA Bengaluru vide Order-in-Original (OIO) dated 29.11.2021 imposed a fiscal penalty of Rs.1,50,000/- (Rupees One Lakh Fifty Thousand Only) in addition to the customs duty saved and interest thereon under Section 11(2) of the Act.

4. Aggrieved by the OIO dated 29.11.2021, the petitioner has filed this Review Petition dated 17.12.2022 under Section 16 of the Act. In this Review Petition, the petitioner has stated that they have fulfilled the entire EO and realised the export proceeds. They are awaiting the decision on the re-fixation of Average Export Obligation (AEO) by the Adjudicating Authority. Further, it is submitted that the delay in document submission was caused by bona fide circumstances, including the COVID-19 pandemic and misplacement of records and as such, the mere delay or non-submission of procedural documents cannot deny the substantive benefit of the EPCG Scheme. In view of the above, the petitioner prays to set aside the OIO dated 29.11.2021, condone the lapse of not filing an appeal and the delay in submission of documents and set aside the order imposing a penalty of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand Only).

5. As per section 16 of the Act, the Reviewing Authority granted three opportunities of PH to the petitioner on 20.01.2025, 14.10.2025 and

17.04.2026. During the PH, the Reviewing Authority raised certain issues, such as the status of EO fulfilment as per the license issued and whether the contention made by the petitioner is verified by the RA or not. Mr R. Suresh, on behalf of the petitioner, appeared for the PH and submitted that they have fulfilled the export obligation and realised the proceeds from the export. They have submitted additional documents for verification to the RA.

6. A report was sought from RA Bengaluru, wherein it is submitted that the Specific Export Obligation (SEO) as per the authorization was USD 6,29,060.04 and the SEO fulfilled by the petitioner is USD 6,52,852.98. However, there is a shortfall in fulfilment of AEO of Rs. 4,61,05,630.92. The AEO, as per the authorization was Rs. 18,72,53,266.02/-, whereas the AEO maintained by the petitioner is Rs.14,11,47,635.10/-. It may also be mentioned that if the request of the firm to refix the annual average is considered, there still remains a shortfall in annual average fulfilment to the tune of Rs. 4,37,30,245.12/-. Further, some Shipping bills (SBs) are endorsed with different EPCG authorization numbers for which the petitioner has submitted an Affidavit as per policy Circular No. 07/2002 stating that these SBs have not been accounted for fulfilment of EO against any other EPCG authorization.

7. I have gone through the facts and records of the case carefully. Upon consideration of the material on record, it is observed that although the petitioner has fulfilled the SEO, there exists a shortfall in the AEO. In terms of Para 5.5 of the Foreign Trade Policy 2009-14, maintenance of AEO is a mandatory and independent condition of the EPCG authorization, over and above the fulfilment of SEO. The said Para categorically stipulates that the authorization holder shall maintain the Average Level of Exports achieved by it in the preceding three licensing years for the same and similar products. Therefore, fulfilment of SEO alone cannot be construed as a complete discharge of export obligation. The fulfilment of SEO, even when aggregated with the AEO achieved, does not cumulatively meet the prescribed AEO threshold.

7.1. Further, the contention of the petitioner regarding fulfilment of export obligation and realization of export proceeds does not adequately address the requirement of maintaining the prescribed average exports. The non-maintenance of AEO constitutes a violation of Para 5.5 of FTP 2009-14 and hence, the petitioner remains in default to the extent of the

महानिदेशक विदेश व्यापार
D G F T
New Delhi
नई दिल्ली

shortfall in AEO. It is further noted that even if the request of the petitioner for re-fixation of AEO is considered favourably by the Adjudicating Authority, as reported by RA Bengaluru, a shortfall of Rs. 4,37,30,245.12 would still persist. Therefore, the request for re-fixation of AEO does not alter the fundamental position of default on the part of the petitioner.

8. I, therefore, in exercise of powers vested in me under Section 16 of the Act, pass the following order:

ORDER

F. No. 18/43/2022-23/ECA-I/E-34842 | 1185 Dated: 20.07.2026

The Review Petition filed by the petitioner is hereby dismissed.

(Lav Agarwal)
Director General of Foreign Trade

Copy to:

1. M/s. Anjaneya Cotton Mills Private Limited, Bada Road, Davanagere, Tholahunse, Karnataka- 577007

2. Dy. Director General of Foreign Trade, Bengaluru

3. Central Economic Intelligence Bureau, 1st, 6th& 8th Floor, 'B' Wing, Janpath Bhawan, Janpath, New Delhi – 110001

4. DGFT Website

N. Poorna Push Kala
(N. Poorna Push Kala)
Dy. Director General of Foreign Trade