



भारत सरकार/ वाणिज्य एवं उद्योग मंत्रालय  
Government of India/ Ministry of Commerce  
अपर महानिदेशक विदेश व्यापार का कार्यालय  
Office of the Addl. Director General of Foreign Trade  
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F.No. - 09/36/021/00073/AM06

Dated:20.03.2026

Name of the Appellant: M/s Zenotech Laboratories Limited  
Survey No.250 252, Turkapally Village,  
Hyderabad, Telangana  
IEC: 0903002418  
Appeal filed against: Order-in-Original dated 14/07/2015  
vide F.No- 09/36/021/00073/AM06  
passed by Shri SBS Reddy, Joint DGFT,  
O/o Addl. DGFT, Hyderabad  
Order-in-Appeal passed by: Shri Rakesh Kumar  
Addl. Director General of Foreign Trade

### **Order-in-Appeal**

M/s Zenotech Laboratories Limited, Survey No.250 252, Turkapally Village, Hyderabad, Telangana (herein after referred to as the 'appellant') filed an appeal dated 15.02.2025 under Section 15 of the Foreign Trade (Development & Regulation) Act, 1992, as amended (herein after referred to as ' the Act') against Order-in-Original dated 14.07.2015 vide F.No. 09/36/021/00073/AM06 passed by the Joint DGFT, O/o Addl. DGFT, Hyderabad, imposing a penalty of Rs. 30,00,000/- on the Appellant and its Directors.

### Brief of the Case

M/s Zenotech Laboratories Limited had obtained an EPCG Authorization No. 0930001548 dated 17.06.2005 for import of machinery as per the list attached for Duty Saved Value of Rs. 14,56,773.00 with an export obligation (EO) to export the resultant product as mentioned in the condition sheet of the Authorization worth USD 2,58,407.62 i.e., 8 times the Duty Saved value, within a period of 8 years from the date of issue of Authorization and the export obligation shall be fulfilled by the use of the imported capital goods.

2. After the expiry of the export obligation period (EOP), a Show Cause Notice (SCN) dated 17.10.2013 was issued to the Appellant for non-submission of documents towards EO fulfilment. The Appellant was directed to either submit the requisite documents or meet the undersigned within 15 days from the date of receipt of the SCN. However, the Appellant failed to submit the documents. In view of the foregoing facts and absence of export documents, Joint DGFT, RA Chennai vide an Order-in-Original dated 14.07.2015 under F.No- 09/36/021/00073/AM06 imposed a fiscal penalty of Rs. 30,00,000/- (Rupees Thirty Crores only) on the Appellant and its Directors under Section 11(2) of the Act.

3. Aggrieved by the OIO dated 14.07.2015, the Appellant filed a combined appeal before DGFT, New Delhi on 31.08.2015 manually and online on 07.12.2015 against 5 EPCG Authorizations issued to the Appellant as follows:

- i. 0930001358 dated 07.02.2005
- ii. 0930001678 dated 18.08.2005
- iii. 0930000627 dated 17.07.2003
- iv. 0930000735 dated 22.10.2003
- v. 0930001548 dated 17.06.2005

4. The Appellant prayed for waiver of penalty along with interest imposed vide OIO issued against the said EPCG Authorizations and issue a stay order in the above cases, till the disposal of the Appellant's matter before Board for Industrial and Financial Reconstruction (BIFR). The same was intimated to RA on 23.11.2015 vide F. No. 09/36/021/00073/AM06.



5. The appeal was heard, and an Interim Order was passed by the Appellate Authority on 04.03.2016. The following observations were recorded in the said order:

- i. The Appellant had filed an application before the BIFR in July 2015, citing deterioration in the financial condition of the company.
- ii. The communications sent by RA, Hyderabad, did not reach the newly constituted management of the Appellant.
- iii. The RA was directed not to initiate or pursue any punitive action against the Appellant until the matter is finally disposed of by the BIFR or until the appeal is adjudicated, whichever is earlier.
- iv. The recovery of the penalty was stayed until such time.
- v. The Appellant was further directed to furnish copies of the orders passed by the BIFR to both the RA and the Appellate Authority.

6. However, a copy of the Interim Order was not marked to RA Hyderabad, but only to the Appellant. Nor did the Appellant intimate this office about the same. Thus, RA was not aware of the directions in the interim order regarding the stay on recovery proceedings. Therefore, recovery letters were issued to the Revenue Department in 2016 for the recovery of the penalty imposed on the Appellant.

7. Later, the Appellant applied for an Export Obligation Discharge Certificate (EODC) after submitting the EO documents manually on 28.03.2018. However, the documents were not examined because the OIO and the Recovery Letter had been issued.

8. The Appellant submitted an application under the Amnesty Scheme; however, the same was rejected vide rejection letter dated 06.07.2023 on the ground of being time-barred, in terms of Public Notice No. 2/2023, as the EOP of the Authorization had expired prior to 13.08.2013.

9. Now, the Appellant has filed a fresh application for appeal dated 15.02.2025 on the following grounds:



- i. The Appellant had already submitted EO fulfilment documents on 28.03.2018.
  - ii. The Appellant had remitted a cumulative amount of Rs. 1,90,16,968/- towards the duty foregone to the office of Customs in Hyderabad and Chennai.
  - iii. The Appellant had also filed an application under the Amnesty Scheme for one-time settlement of EO on 29.06.2023. However, the said request was rejected on the grounds that the EOP of the Authorization had expired prior to 13.08.2013.
  - iv. It further states that, having submitted the redemption documents and duties paid, the Appellant had not appealed before the Policy Relaxation Committee (PRC) for consideration of this Authorization under the scheme, along with 10 other rejected Authorizations and hence the duty & interest as applicable is pending for remittance.
  - v. The Appellant prayed for the closure of the Authorization and an opportunity for personal hearing (PH) for its disposal.
10. In view of the above, an opportunity for PH was granted to the Appellant in all the 5 cases against 5 EPCG Authorizations, on 11.06.2025. The same was also attended by the authorized representative of the Appellant, and submissions were duly made before the Appellate Authority.

10.1. During the PH, the Appellant was directed to submit written representations in support of the oral submissions made during the hearing. In compliance with the said direction, the Appellant furnished a letter dated 16.06.2025, enclosing a detailed clarification statement reiterating and elaborating upon its submissions.

10.2. In addition to the above contentions, the Appellant further submitted that the company had undergone multiple changes in management since its inception until the financial year 2014-15. The ownership transferred from the original promoters to Ranbaxy Laboratories Limited in 2006, thereafter to Daiichi Sankyo Company Limited (DSCL) in 2008, and subsequently to Sun Pharmaceutical Industries Limited (SPIL) in 2015. It was also submitted that they had been issued 17 EPCG Authorizations by the DGFT during the period

from 2003 to 2008. However, due to the repeated changes in management, the company does not possess copies of the said Authorizations or the related EPCG records.

10.3. The Appellant further submitted that they had also filed an application before the BIFR in July 2015. Around the same time, the Appellant received a notice from the Office of the Additional Director General of Foreign Trade (ADGFT), Hyderabad, calling upon it to submit proof of exports made under one such licence. It was only then that the Appellant became aware of the pending export obligation liabilities. In compliance with the adjudication order dated 27.03.2017 issued by the Principal Commissioner of Customs, the Company remitted the duty amount during the period from March 2018 to May 2018, after adjusting the exports fulfilled between the year 2005 and 2009. However, the interest, penalties, and redemption fine demanded under the said order remain unpaid.

10.4. The Appellant has prayed as under:

- i. To set aside the OIO dated 14.07.2015
- ii. To waive the penalty imposed vide Order-in-Original
- iii. To consider the above Authorizations to apply under Amnesty Scheme, 2023.
- iv. To set aside the Recovery Letters issued to the Revenue Department for recovery of penalties imposed on the Appellant.

11. I have carefully examined the facts and records of the case. The matter has been considered in light of the submissions made by the Appellant and the duty remittance reported. The Appellant has stated that the customs duty, along with applicable interest, has been paid in accordance with the adjudication order dated 27.03.2017 passed by the Principal Commissioner of Customs, after adjusting the exports fulfilled during 2005–2009, for the purpose of regularisation.

12. Accordingly, in exercise of the powers vested in me under Section 15 of the Act, I pass the following order:



**ORDER**

Dated: 20.03.2026

The Appeal filed by the Appellant is hereby admitted. The Order-in-Original dated 14.07.2015, passed by the Joint DGFT, RA Hyderabad, is set aside. The Recovery Letters issued pursuant to the said Order are declared infructuous, in view of the Appellant's submission that the customs duty and applicable interest have been paid. The case is remanded to the RA, Hyderabad, for de-novo examination and processing the Authorisation for EODC/redemption or regularisation, upon verification of the documents submitted, in accordance with the applicable provisions of the Foreign Trade Policy (FTP), Handbook of Procedures (HBP) and the Foreign Trade (Development & Regulation) Act, 1992.



(Rakesh Kumar)

Addl. Director General of Foreign Trade

Copy to:

1. M/s Zenotech Laboratories Limited, Survey No.250 252, Turkapally Village, Hyderabad, Telangana, 500101.
2. M/s Zenotech Laboratories Limited, Survey Nos.250, 251, 252 & 253, Turkapally (V), Shameerpet(M), Hyderabad Telangana 500078.
3. Joint Director General of Foreign Trade, Hyderabad.
4. EPCG File.
5. DGFT website.
6. Central Economic Intelligence Bureau, 1<sup>st</sup>, 6<sup>th</sup>& 8<sup>th</sup> Floor, 'B' Wing, JanpathBhawan, Janpath, New Delhi - 110001.