

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE  
TRIBUNAL, MUMBAI**

REGIONAL BENCH - COURT NO. I

**Excise Appeal No. 85367 of 2013**

(Arising out of Order-in-Appeal No. AV(201)129/2012 dated 23.10.2012 passed by the Commissioner of Central Excise & Customs (Appeals), Aurangabad)

**M/s Bhaurao Chavan SSK Ltd.**

**.... Appellant**

At & Post - :ax,omagar. Degapm.-Yelegaon,  
Galuka - Ardhapur, Dist. - Nanded - 431605

Versus

**Commissioner of Central Excise &  
Customs, Aurangabad**

**.... Respondent**

N-5, Town Centre, CIDCO, Aurangabad-431003

Appearance:

Shri J.N. Somaiya, Advocate for the Appellant

Shri Amrendra Kumar Jha, Authorized Representative for the Respondent

**CORAM:**

**HON'BLE MR. ANIL G. SHAKKARWAR, MEMBER (TECHNICAL)**

**FINAL ORDER NO. A/85714/2023**

Date of Hearing: 24. 04.2023

Date of Decision: 03. 05.2023

***Per: Anil G. Shakkarwar***

Appellant is manufacturer of sugar and molasses. They availed CENVAT Credit of Service Tax paid on insurance of vehicles of the manufacturing unit, Service Tax paid on consultancy services engaged for receiving consultancy in relation to co-generation plant, Service Tax paid on insurance availed for plant, machinery, equipment and stock of the goods, Service Tax paid on insurance on gratuity for the employees and subscription fee paid

to National Sugar Federation. In the opinion of Revenue, CENVAT Credit on account of above stated issues was not admissible to the appellant. Therefore, appellant were issued with a show-cause notice dated 23.6.2011 proposing to deny above stated CENVAT Credit and to recover said CENVAT Credit to the tune of Rs.1,56,584/-. On contest, Order-in-Original confirmed the demand. Learned Commissioner (Appeals) did no interfere with the confirmation of such demand. Therefore, the appellant is before this Tribunal.

2. Learned Counsel for the appellant has submitted that insurance of the vehicles belonging to the manufacturing unit is an integral part of the business activity and therefore, the Service Tax paid on insurance of vehicles is admissible as CENVAT Credit because vehicles are used in relation to manufacture. He further submitted that for manufacture of sugar, electricity was required and appellant decided to generate electricity within the factory. For said purpose, a co-generation plant was decided to be installed. The appellant engaged an agency for consultancy for installation of co-generation plant and paid consultancy charges. Therefore, Service Tax paid on said consultancy charges are admissible as CENVAT Credit. He further submitted that plant, machinery, equipment and stocks were insured and such insurance was the part of the smooth functioning of the manufacturing activity. Therefore, such expenses were in relation to manufacture. He has submitted that the subscription paid to National Sugar Federation is similar to having a corporate membership of a club and

corporate membership of the club is considered and allowed as an input service in large number of decisions of this Tribunal.

3. Learned AR has submitted that co-generation plant was not installed during the period of dispute and therefore, Service Tax paid on the consultancy service is not admissible.

4. I have carefully gone through the records of the case and submissions made by both the sides. The co-generation plant though was not installed during the relevant period, consultancy was received during the said period and Service Tax paid on consultancy is claimed as CENVAT Credit and the same is admissible. I also find that manufacture is not possible without plant, machinery and equipment being in order. To keep the plant, machinery and equipment in order, one of the method is to insure the same. Therefore, I hold that Service Tax paid on insurance of plant, machinery and equipment required for manufacture is admissible as CENVAT Credit. I accept all the arguments submitted by the learned Counsel for the appellant and allow the CENVAT Credit of Rs.1,56,584/- involved in the present appeal by setting aside the impugned order.

5. In above terms, the appeal is allowed.

(Order pronounced in open court on 03.05.2023)

**(Anil G. Shakkwar)**  
**Member (Technical)**