Customs, Excise & Service Tax Appellate Tribunal
West Zonal Bench at Ahmedabad

REGIONAL BENCH-COURT NO. 1

Excise Appeal No. 10527 of 2018-DB

(Arising Out Of OIA-VAD-EXCUS-002-APP-634-2017-18 Dated- 24/11/2017 passed by the Commissioner (Appeals), CGST & Central Excise- Vadodara)

Shree Khedut Sahakari Khand Udyog Mandli Ltd **...... Appellant**
At Pandvai, Tal-Hansot,
Bharuch, Gujarat

VERSUS

COMMISSIONER OF CGST &
CENTRAL EXCISE - Vadodara II **......Respondent**
GST Bhavan, Arkee Garba Ground,
Nr. Telephone Exchange, Subhanpura,
Vadodara, Gujarat-390023

APPEARANCE:
Shri Rahul Gajera, Advocate for the Appellant
Shri R R Kurup, Superintendent (AR) for the Respondent

CORAM:
HON'BLE MEMBER (JUDICIAL), MR. SOMESH ARORA
HON'BLE MEMBER (TECHNICAL), MR. SATENDRA VIKRAM SINGH

Final Order No. 10068/2026

DATE OF HEARING: 20.01.2026
DATE OF DECISION: 20.01.2026

SATENDRA VIKRAM SINGH

M/s Shree Khedut Sahakari Khand Udyog Madali Ltd, District-Bharuch (Appellant) were issued a show cause notice for demanding an amount equal to 6% of the value of Bagasse cleared during the period January 2013 to April 2013 under Rule 14 of the Cenvat Credit Rules, 2004 along with interest and penalty under Rule 15 of the Cenvat Credit Rules, 2004. On this issue, they have also been issued 3 more show cause notices for the period from December, 2013 to May, 2014, November 2014 to May 2015 and June 2015 to June 2016 respectively.

1.1 These SCNs were adjudicated by the Additional Commissioner who dropped the show cause notice pertaining to period prior to 01.03.2015 and confirmed the demand for the period after 01.03.2015. Against the said adjudication order, appellant filed appeal before the Commissioner (Appeals) who vide impugned order dated 24.11.2017 dismissed their appeal and upheld the order of the lower authority. Against this order, the appellant filed present appeals with this Tribunal.

2. During argument, learned Advocate pleads that the issue of reversal of Cenvat credit under Rule 6 of the Cenvat Credit Rules, 2004 on clearance of Bagasse has been settled by Hon'ble Supreme Court in the case of M/s Indian Sucrose Ltd reported at 2022 (7) TMI 353 (SC). After the above decision of the Apex Court, CBIC recinded their circular No. 1027/15/2016-Cx dated 25.04.2016 by issue of Circular No. 1084/2005/2022-CX dated 07.07.2022. Para 4 & 5 of the circular dated 07.07.2022 are reproduced below:-

> *"4. The issue again came before the Hon'ble Supreme court in the case of Union of India v. Mis. Indian Sucrose Limited (SLP (C) No 1700/2021), wherein the Hon'ble Supreme Court vide its judgment dated 4-3-2022, referred to its observations in the Union of India v. M/s DSCL Sugar Ltd. & Ors (supra) holding that Bagasse is non-excisable to which the CENVAT Credit Rules have no application, and held that the Circular dated 25-4-2016 is unsustainable in law.*
>
> *5. In light of the above judgment, Circular No. 1027/15/2016-CX., dated 25-4-2016 has become non est and is hereby rescinded. Cases kept in Call Book on the above issue if any may be taken out and adjudicated in light of the law decided by the Apex Court."*

2.1 He therefore submits that in view of decision of Hon'ble Supreme Court, the matter has attained finality and they are no more required to reverse Cenvat Credit @ 6% on clearance of Bagasse. He also states that this Tribunal vide final order No. 10836/2025 dated 07.10.2025 in their own case had set aside the order of lower authorities for reversal of credit of clearance of Bagasse.

3. Learned AR fairly agrees to the above position.

4. We have gone through the facts of the case and Circular No. 1085/05/2022-Cx dated 07.07.2022 on the issue. We find that the issue is no more res-integra as this Tribunal vide final order 10836/2025 dated 07th October, 2025, had allowed appeal of the party by setting aside the order of

the lower authorities demanding reversal of credit on clearance value of Bagasse. The relevant para 2 of the said decision is reproduced below:-

> *"2. Having gone through the rival submissions, we find that the issue is no more res integra, we therefore, find that the stand of the department that the Bagasse is exempted item no more holds good as it is held as non-excisable. Therefore, the order passed by the lower authority demanding reversal of credit is liable to be quashed. Order is therefore, set aside with consequential relief. Appeal allowed."*

5. Aggreging with the above decision, we allow the appeal of the party and set aside the impugned order with consequential relief, if any.

(Dictated and pronounced in the open court)

(SOMESH ARORA)
MEMBER (JUDICIAL)

(SATENDRA VIKRAM SINGH)
MEMBER (TECHNICAL)

Raksha