CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL BANGALORE

REGIONAL BENCH - COURT NO. 2

Central Excise Appeal No. 20434 of 2016

(Arising out of Order-in-Original No. BLR-EXCUS-001-PR.COM-MVK-27-15-16 dated 04.01.2016 passed by the Pr. Commissioner of Central Excise, Bangalore.)

M/s. Bosch Automotive Electronics India Pvt., Ltd.
Building 703, Naganathapura, PB No. 10029,
Electronic City, P O, KIADB, Veerasandra Industrial Area,
Hosur Road, Anekal Taluk, Bangalore,
Karnataka – 560100. ....**Appellant**

VERSUS

Commissioner of Central Excise, Bangalore
P B No. 5400, C R Buildings, Bangalore,
Karnataka – 560001. ....**Respondent**

APPEARANCE:

Mr. Syed Peeran and Mr. Nischal. K. M, Advocates for the Appellant.
Mr. Vikalp Jain, Authorized Representative (AR) for the Respondent.

CORAM:

HON'BLE MR. P.A. AUGUSTIAN, MEMBER (JUDICIAL)
HON'BLE MR. PULLELA NAGESWARA RAO, MEMBER (TECHNICAL)

Final Order No. 22232 /2025

Date of Hearing: 08.10.2025
Date of Decision: 08.10.2025

PER: P.A. AUGUSTIAN

The issue in the present appeal is regarding eligibility of the Appellant to claim the CENVAT credit and the nexus of the services with the manufacturing activities.

2. The brief facts are the Appellant is manufacturing excisable goods viz., Electronic Control Unit (ECU), Immobilizer, Antennas and Transponders and were availing the CENVAT credit on capital goods, inputs and input services as per CENVAT Credit Rules, 2004. Alleging that the Appellant had availed ineligible credit for the period from May 2014 to February 2015, proceeding was initiated and show cause notice dated 05.06.2015 were issued and Adjudication authority as per the Order-in-Original dated 28.12.2015 disallowed the inputs service credit and ordered recovery of the same with interest and also imposed equal amount of penalty. Aggrieved by said order, present appeal is filed.

3. When the appeal came up for hearing, Learned Counsel for the Appellant submits that the impugned order is prima facie unsustainable, since the Appellant is eligible for the cenvat credit as claimed by the Appellant. Learned Counsel draws our attention to the definition of the term 'input service' is defined is Rule 2(l) of the Cenvat Credit Rules, 2004 and submits that the said Rules makes it clear that the definition of input service is an independent benefit /exemption /concession as the case may be, and if an assessee can satisfy any of the above benefit / exemption / concession, then credit of the input service is to be given notwithstanding the fact that he may not have satisfied other benefit / exemption/concession. The Appellants submit that the 'means' part of the definition covers any service used by the provider of output service for providing the said output service. Thus, as long as a nexus is established between the service availed and output service provided, the said service will qualify to be an 'input service' by virtue of the means clause, itself. However, the definition of the input service has been considerably expanded by the 'includes' clause and any services availed by an output service provider which is listed in the 'includes' clause will qualify to be an input service in terms of the definition and the Service Tax paid thereon will be eligible as Cenvat Credit to the service provider. Learned Counsel relied on the judgment of the Hon'ble Supreme Court in the matter of **M/s. J K. Cotton Spinning & Weaving Mills Co. Ltd. Vs. Sales Tax Officer, Kanpur and Another** reported at **2002-TIOL-116-SC-CT-LB;** wherein it is held that "*if a*

process or activity is so integrally related to the ultimate manufacture of goods so that without that process or activity manufacture may, even if theoretically possible, by commercially inexpedient goods intended for use in the process or activity as specified in Rule 13 will qualify for special treatment." Following the said judgment the Circular No. 120/1/2010-ST dated 19.01.2010 is issued directing that in case of absence of such inputs, input services adversely impact the quality and efficiency of the provision of service exported, it should be considered as eligible input or inputs services.

4. As regards Housekeeping Services, the demand confirmed is Rs. 9,43,952/-, Learned Counsel for the appellant submits that these input services were used in the factory of the Appellants in order to keep the factory clean and free from dust and dirt. These services are essential for manufacturing the final products in an environment which is anti-static and free from dust and other impurities. Further, these input services were used for movement of raw materials from the logistics department to production department for maintenance and cleaning of machines installed in the factory. Hence, these input services are directly linked with the manufacturing activities undertaken by the Appellants. In this regard Learned Counsel also relied on the decision of this Tribunal in the matter of **CST Vs. Caterpillar Logistics Services India Pvt. Ltd., Final Order No. 20446/2024 dated 30.05.2024**. Learned Counsel further relied on the following cases laws;

i. **M/s. Visa Steel Ltd. Vs. Commissioner of Central Excise, Bhubaneswar-I, 2023 (12) TMI 1139- CESTAT KOLKATA;**

ii. **Xilinx India Technology Services Pvt., Ltd. Vs. Commissioner of Central Tax Hyderabad, 2023 (11) TMI 1076 CESTAT Hyderabad;**

iii. **M/s. Ambuja Cements Ltd. Vs. CCE, Surat, 2022 (6) TMI 819 CESTAT AHMEDABAD.**

5. As regards incineration services the demand confirmed is Rs. 62,663/-. These input services were used towards disposal of the wastes and solvents which are hazardous in nature and require a specific disposal mechanism. The disposal of the above waste is a statutory requirement under Rule 4 of the Hazardous Waste Management and Handling Rules, 1989 framed under the Environmental (Protection) Act, 1986. These services are procured to fulfil statutory obligations and hence, are incidental to the manufacturing activities. Learned Counsel relied on the following cases laws;

i. **M/s. Ace Designers Ltd. Vs. Commissioner of Central Excise, Customs and Service Tax Bangalore-LTU, 2016 (12) TMI 1380-CESTAT BANGALORE;**

ii. **M/s. Honda Motorcycle & Scooter India P. Ltd. Vs. CCE, Delhi-III, 2019 (4) TMI 927 - CESTAT CHANDIGARH.**

6. As regards Membership fees for confederation of Indian Industry the demand confirmed is Rs.770/-. These input services were used to train the HR Department of the Appellants as to how to manage the workplace and the employees. These services squarely fall under "Training and Coaching activity" which is incidental to the manufacturing activities. In this regard Learned Counsel relied on the decision of this Tribunal in the matter of **Ace Designers Ltd (Supra)** and also relied on **CCE, Hyderabad Deloitte Tax Services India Pvt. Ltd. ,-2008 (11) STR 266 (Tri.-Bang.).**

7. As regards Power Reimbursement Charges /Rent charges of Power the demand confirmed is Rs. 59,45,515/-, Learned Counsel draws our attention to the Agreement entered by the appellant with M/s. Bosch Ltd., *inter alia* for the purposes of sharing the electricity between both the parties. In terms of the said Agreement, M/s. Bosch Ltd., shares electricity with the Appellants which is the only source of power used for the manufacturing activities and in turn charges consideration from the Appellant. Without the electricity shared by M/s. Bosch Ltd., the entire manufacturing activity of the Appellants would come to a standstill. The

finding of the Adjudication Authority that there is no mention of sharing the power in the Agreement is contrary to Clause B.5 of the Agreement. Hence, impugned order not sustainable. Further, the fact that the Appellants have no other source for supply of electricity and it is sufficient to establish that the electricity shared by M/s. Bosch Ltd. is used in the manufacturing activity. Hence, these input services of electricity received by the Appellants is evidently incidental to the manufacturing activities.

8. As regards Preventive Maintenance Services, the demand confirmed is Rs.3,090/-. These input services were used to upkeep ERSA selective soldering machines. These machines were used in the manufacture of Electronic Control Unit (ECU) and other final products. These services were used on a yearly basis and covers end to end checkup of the machinery including the quality checks. The preventive services are vital so as to ensure that the machines do not breakdown and keep working without interruptions. Hence, these services squarely qualify as maintenance services against which credit is admissible. Hence, these services received by the Appellants are evidently incidental to the manufacturing activities. In this regard Learned Counsel relied on the following cases laws;

i. **M/s. Centum Electronics Ltd. Vs. CCE, Bengaluru, 2025 (8) TMI 488 CESTAT BANGALORE;**
ii. **Castrol India Ltd. v. CCE, Vapi, 2013 (291) ELT 469 (Tri. - Ahmd.).**

9. As regards Renewal of service contract, the demand confirmed is Rs. 6,180/-. These input services were used for servicing the air driers used in the factory. The air driers are used in all shop floor areas to maintain parameters of compressed air. These air driers have direct impact on the pneumatic systems used in the manufacturing machines. These services are vital so as to ensure that the air driers do not breakdown and keep working without interruptions. Hence, these services received by the Appellants are evidently incidental to the

manufacturing activities. In this regard Learned Counsel relied on the decision of this Tribunal in the matters of **M/s. Centum Electronics Ltd. (Supra) and Castrol India Ltd. (Supra)**

10. As regards Mobile services /Telephone services the demand confirmed is Rs.18,024/-. These input services were used for the employees to interact with the customers, suppliers, vendors etc. The Appellant Company has issued an Internal Policy (Annexure-7) for providing control checks for issuance of Mobile sim cards and Data connection facility to the employees. The said Internal Policy specifically states that the Mobile sim cards and Data connection facility must be solely used for business purposes i.e., interaction with customers, vendors etc. Hence, these services received by the Appellants are evidently incidental to the manufacturing activities. In this regard Learned Counsel relied on the following cases laws;

i. **CCE Goa Vs. Hindustan Coca Cola Beverages Pvt. Ltd., 2015 (39) STR 360 (Bom.);**
ii. **Xilinx India Technology Services Pvt Ltd Vs. Commissioner of Central Tax Hyderabad, 2023 11) TMI 1076 - Hyderabad.**
iii. **M/s. Nayara Energy Ltd. Vs. C.C.E. & S.T., Rajkot, 2021 (3) TMI 627 CESTAT AHMEDABAD.**

11. As regards Travel services, the demand confirmed is Rs. 87,736/-. The input services were received by the Appellants towards the travel expenses incurred by their employees. These travel expenses were incurred towards business trips within India and outside India and incurred for training, business development meetings, etc. The employees used to *inter alia* visit the Appellants' counterparts for business purposes. To support the claim, appellant produced relevant documents such as invoices raised by suppliers (Air travel, from Appellants' counterparts, travel expenses, etc.), invitations. Hence, these services received by the Appellants are evidently incidental to the manufacturing activities and to the business. In this regard Learned Counsel relied on the following cases laws;

i. **Xilinx India Technology Services Pvt Ltd Vs. Commissioner of Central Tax Hyderabad, 2023 (11) TMI 1076 Hyderabad.; CESTAT**

ii. **M/s. Yazaki India Pvt. Ltd. Vs. C.C.E. Ahmedabad, 2018 (3) TMI 1052 Ahmedabad; CESTAT**

iii. **M/s. VFC Industries Pvt Ltd. Vs. C.C.E. & S.T. - Vadodara, 2017 (3) TMI 1681 Ahmedabad; CESTAT**

iv. **ABB Ltd. Vs. Commissioner of Central Excise and Service Tax, Bangalore, 2009 (15) STR 23 (Tri-LB)**

12. As regards Training services, the demand confirmed is Rs. 6,180/- These input services were used by the employees of the Appellants. These services provided training on the various aspects of using the Rexroth tightening systems which was in turn used in manufacturing the final products. The Rexroth tightening systems have direct incidence with the manufacturing activities undertaken by the Appellants. In this regard Learned Counsel relied on the decision in the matter of **Ace Designers Ltd (Supra)** and also relied on the decision in the matter of **CCE, Hyderabad Deloitte Tax Services India Pvt. Ltd., (Supra).**

13. Learned Counsel also draws our attention to the agreement dated 05.04.2013 and submits that supply of electricity and other related services are part of the services availed by the Appellant. Appellant availed the services solely for business purpose and each service have nexus with the output services provided by the Appellant and eligible for claiming the said services as inputs services.

14. Learned Authorized Representative (AR) for the Revenue reiterated the finding in the impugned order

15. Heard both sides and perused the records.

16. We find that the input services utilised by the appellant are in relation to the manufacturing activity, further the eligibility for availment of cenvat credit of service tax paid on input services involved are squarely covered by the decisions relied by the Appellant as

mentioned above. We find that the services availed by the Appellant are incidental to the manufacturing activity, hence the Appellant is eligible for availing CENVAT credit against these services.

17. In view of the above discussion the impugned order is liable to be set aside. Accordingly, the impugned order is set aside, and the appeal is allowed with consequential relief, if any, in accordance with law.

(Operative portion of the order was pronounced in Open Court on conclusion of hearing.)

(P. A. AUGUSTIAN)
MEMBER (JUDICIAL)

(PULLELA NAGESWARA RAO)
MEMBER (TECHNICAL)

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