

**CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
CHANDIGARH**

REGIONAL BENCH - COURT NO. I

Excise Appeal No. 52370 of 2015

[Arising out of Order-in-Original No. 07/MV/CCE/2014-15 dated 20.03.2015 passed by the Commissioner of Central Excise, Gurgaon]

N H K Spring India Ltd
Plot No. 31, Sector 3, IMT Manesar,
Gurugram, Haryana 122050

.....Appellant

VERSUS

**Commissioner of Central Excise, Goods &
Service Tax, Gurugram**
Plot No. 36-37, Sector 32,
Gurugram, Haryana 122001

.....Respondent

APPEARANCE:

Ms. Krati Singh and Ms. Samiksha Uniyal, Advocates for the Appellant

Ms. Amita Gupta, Authorized Representative for the Respondent

CORAM: HON'BLE Sh. S. S. GARG, MEMBER (JUDICIAL)
HON'BLE Sh. P. ANJANI KUMAR, MEMBER (TECHNICAL)

FINAL ORDER NO. 60317/2026

DATE OF HEARING: 09.01.2026
DATE OF DECISION: 28.04.2026

S. S. GARG :

The present appeal is directed against the impugned Order-in-Original dated 20.03.2015 passed by the Commissioner of Central Excise, Gurgaon, whereby the learned Commissioner has denied the Cenvat Credit availed by the Appellant on various input services for the period 2007-08 to 2011-12 and confirmed the demand of

Rs.73,74,267/- under Rule 14 of the Cenvat Credit Rules, 2004 read with Section 11A(5) of the Central Excise Act, 1944 along with the interest under Section 11AA of the Act and also imposed penalty under Rule 15 of the CCR read with Section 11AC of the Act.

2. Briefly stated facts of the case are that the Appellant is engaged in the manufacturing of Motor Vehicle Parts falling under Central Excise Tariff Headings No. 73209090 & 87081090 of the First Schedule to the Central Excise Tariff Act, 1985. During the relevant period, the Appellant availed Cenvat Credit of excise duty paid on inputs and capital goods and service tax paid on input services.

2.1 Audit of the Appellant's unit was conducted and during the audit, it was observed that the Cenvat Credit availed by the Appellant in respect of various input services namely House Keeping (Gardening), Vehicles Servicing, Tour & Travel, Outward Courier, Interior Decoration, Construction, Surface Colouring/Coating, Fabrication and Insurance Services is ineligible as the said services do not have nexus with the manufacturing process and the manufacturing can be completed without the use of these services also. On these allegations, a show cause notice dated 30.10.2012 was issued proposing denial of Cenvat Credit, along with interest and penalty.

2.2 After following the due process, the learned Commissioner vide the impugned order has confirmed the demand as proposed in the show cause notice, along with interest and penalty. Details of various

input services on which the demand has been confirmed by the learned Commissioner are given herein below in tabular form:

Sl. No.	Nature of Service	2007-2011 (in Rs.)	2011-2012 (in Rs.)
1.	House Keeping (Gardening)	4,16,152	1,17,194
2.	Vehicle Servicing	8,253	-
3.	Tour & Travel	4,66,748	-
4.	Outward Courier	1,87,329	19,215
5.	Interior Decoration	24,316	-
6.	Construction	55,57,618	-
7.	Surface Colouring/ Coating	1,69,950	-
8.	Fabrication	30,212	-
9.	Insurance	3,17,384	59,896
Total		71,77,962	1,96,305

2.3 Aggrieved by the impugned order passed by the learned Commissioner, the Appellant has preferred the present appeal before us.

3. Heard both the parties and perused the material on records.

4. The learned Counsel for the Appellant submits that the impugned order is bad in law and is liable to be set aside as the same has been passed without properly appreciating the facts and the law and binding judicial precedents on the identical issue.

4.1 She further submits that the Appellant has legally and correctly availed the Cenvat Credit on input services. She further submits that the demand has been confirmed on the ground that the Appellant has wrongly availed the Cenvat Credit of the service tax paid on certain input services on the ground that the said services do not qualify as input services under Rule 2(I) of the Cenvat Credit Rules. She further submits that the services received by the Appellant are in fact input services and the same fall within the means-clause of the input service as defined in Rule 2(I) of the Cenvat Credit Rules and the same have been used in relation to the manufacture of final products and clearance of the final products from/upto the place of removal. She further submits that the use of the phrase 'in relation to' widens the definition of input services and the inclusive part of the definition specifically covers activities relating to business i.e. any service in relation to business of manufacturing of final products would be covered within the ambit of the inclusive part of the definition.

4.2 The learned Counsel, thereafter, gives justification in respect of each service separately which has been used by the Appellant in relation to manufacture of final product.

4.2.1 **House Keeping/Gardening Service** - As regards the denial of the Cenvat Credit on House Keeping/Gardening service, the learned Counsel submits that garden is required to be maintained in the factory premises under the Pollution Control norms; Landscaping/garden creates a healthy environment which increases

the efficiency of the employees; moreover, the credit rating of the factory also depends on the maintenance of the premises; therefore, gardening services are intrinsically connected with the manufacturing activity of the Appellant. She further submits that the gardening services are covered under the inclusive clause of the definition of input services under Rule 2(I) of Cenvat Credit Rules as these services fall under the ambit of modernization, renovation, repair etc of the premises. She also submits that this issue is no more *res integra* and has been considered by the various Courts. In this regard, she places reliance on the following decisions:

- ***M/s. JSW Steel Ltd. v. Commissioner of Central Excise, Customs and Service Tax-Belgaum, 2021 (12) TMI 381-CESTAT Bangalore***
- ***CCE, Delhi-III v. Suzuki Motorcycle India Pvt. Ltd., 2017 (47) S.T.R. 85 (Tri. - Chan.) (department's appeal dismissed due to monetary limit by High Court)***
- ***Rane TRW Steering System Ltd. v. The Commissioner of Central Excise and Central Tax, Chennai Outer Commissionerate, 2018 (2) TMI 1745 - Madras High Court***
- ***Wipro Limited v. Commissioner of Central Excise, 2017 (5) TMI 188 - Madras High Court***
- ***Millipore India Ltd. v. CCE, Bangalore-II, 2009 (13) S.T.R. 616 (Tri. - Bang.) (department's appeal dismissed in Commissioner of Central Excise, Bangalore v. Millipore India (P.) Ltd., 2012 (26) S.T.R. 514 (Kar.))***

She further submits that the learned Commissioner in the impugned order has relied on the decision of the Chennai Bench of the Tribunal in the case of ***CCE, Trichy v. Sri Rama Vilas Services Ltd., 2011 (23) S.T.R. 273 (Tri.-Chennai)*** wherein the Cenvat Credit on

gardening services is denied to the manufacturer of parts of motor vehicle in absence of nexus of the service with the manufacturing activity; but the said decision of the Chennai Bench has been distinguished by the Mumbai Bench of the Tribunal in the case of ***Thyssenkrupp Electrical Steel (I) P. Ltd. v. Commissioner of Central Excise, Nashik, 2017 (3) G.S.T.L. 176 (Tri. - Mumbai)*** wherein it is held that Cenvat Credit in respect of gardening services is admissible as maintenance of garden in the factory premises is a statutory requirement as per the State Pollution Control Board.

4.2.2 **Vehicle Repair Service** - As regards the denial of the Cenvat Credit on Vehicle Repair service, the learned Counsel submits that the Appellant procures the service of repair and maintenance for the self-owned vehicles which are used for transporting the manufactured goods, administrative staff and other guests; these services are essential for maintaining the vehicles and keeping them in the running condition; therefore, these services are integral part of manufacturing and thus, qualify as input service. In this regard, she places reliance on the following decision:

- ***Dr. Reddy's Lab. Ltd. v. Commissioner of C. Ex., Hyderabad, 2010 (19) S.T.R. 71 (Tri. - Bang.) (maintained in 2016 (44) S.T.R. 1162 (A.P.))***

4.2.3 **Transportation/Tour & Travel Service** - As regards the denial of the Cenvat Credit on Transportation/Tour & Travel service, the learned Counsel submits that in the impugned order, the learned Commissioner has observed that these services have been put in the negative list w.e.f. 01.04.2011 and accordingly, Cenvat Credit on

same is not admissible. To counter this finding, the learned Counsel submits that no credit is availed in respect of these services post 01.04.2011; therefore, there is no question of denying the credit to the Appellant on these services on this basis. She also places reliance on the ***Circular No. 943/04/2011-CX dated 29.04.2011*** which provided clarification in respect of the amendments made in the definition of input service w.e.f. 01.04.2011; it was clarified that the amendment done in the definition of the input service shall apply w.e.f. 01.04.2011.; whereas in the present case, credit is not availed in respect of these services post 01.04.2011; in the present case, the entire credit was taken before 01.04.2011. She further submits that transportation services are used by the administrative and technical staff of the company; these services facilitate the movement of the employees within the factory, to the home and for travelling from one place to other for sales, meeting clients etc and help the employees to carry out their professional responsibilities and the same are used for purposes of business; hence, these services qualify as input services. In this regard, she places reliance on the following decisions:

- ***Commissioner of Central Excise, Delhi-III v. Maruti Suzuki India Ltd., 2017 (49) S.T.R. 261 (P & H)***
- ***M/s NGK Spark Plugs India Private Limited v. Commissioner of Central Excise, Delhi-III, 2023 (9) TMI 642 - CESTAT Chandigarh***
- ***Microsoft India (R&D) Pvt. Ltd. v. Commr of C. Ex & S.T., Bangalore, 2022 (56) G.S.T.L. 29 (Tri.- Bang)***
- ***Commissioner of C. Ex., Cus. & S.T., Vadodara v. Transpek Industry Ltd., 2018 (12) G.S.T.L. 29 (Guj.)***

- ***Principal Commissioner v. Essar Oil Ltd, 2016 (41) S.T.R. 389 (Guj.)***

4.2.4 **Outward Courier Service** - As regards the denial of the Cenvat Credit on Outward Courier service, the learned Counsel submits that the courier services are used for correspondence with clients, customers and suppliers and dispatching the cheques towards payments to the vendors and suppliers; these services are routinely used for sending documents, invoices, purchase orders and small packs of products manufactured by the Appellant; these services are used in relation to the manufacturing activity. In this regard, she places reliance on the following decisions:

- ***RMZ Infotech Pvt. Ltd. v. Commr. Of Central Tax, Bengaluru East, 2022 (64) G.S.T.L. 599 (Tri. - Bang.)***
- ***Commissioner Central Excise Customs & Service Tax, Vapi v. Apar Industries Ltd., 2010 (20) S.T.R. 624 (Tri. - Ahmd.) (approved in 2011 (23) S.T.R. J194 (Guj.))***
- ***Raymond UCO Denim Pvt. Ltd. v. Commissioner of C. Ex., Nagpur, 2020 (33) G.S.T.L. 207 (Tri. - Mumbai)***

She further submits that in the impugned order, the learned Commissioner has relied on the decision of the Tribunal in the case of ***Hero Honda Motors Ltd. v. CCE, 2011 (274) E.L.T. 89 (Tri.- Del.)*** for denying the credit in respect of courier services. She also submits that the said case relied upon by the learned Commissioner is an interim order for partial stay and therefore, cannot be relied for deciding this issue finally.

4.2.5 **Interior Decoration Service** - As regards the denial of the Cenvat Credit on Interior Decoration service, the learned Counsel

submits that these services are availed for designing internal portion of the factory building including technical, manufacturing and administrative blocks for better functionality such as proper lighting, cross-ventilation etc. She also submits that interior decoration falls under the nature of modernization/renovation or repair of factory premises of the Appellant and has direct nexus with the manufacturing and clearance of the products and therefore, credit in respect of such service should not be denied as held in the following cases:

- ***Reliance Industries Ltd. vs Commissioner of C.Ex. & S.T., LTU, Mumbai, 2016 (45) STR 383 (Tri.-Mumbai)***
- ***M/s Carrier Airconditioning and Refrigeration Ltd. v. Commissioner of Central Excise, Delhi – IV, 2016 (4) TMI – CESTAT Chandigarh***

She further submits that in impugned order, the learned Commissioner has relied on the ***Circular No. 120/01/2010-ST dated 19.01.2010*** to deny the credit on the interior decoration services on the basis that these services are for the beautification of premises but do not have any nexus with manufacturing or provision of output service. To counter this finding, the learned Counsel submits that the said circular is not applicable on the interior decoration services as these services are not just for the beautification of the premises, but for the judicious use of the space and ensuring proper lighting, ventilation etc in the factory premises.

4.2.6 **Construction Service** - As regards the denial of the Cenvat Credit on Construction service, the learned Counsel submits that the

Appellant has availed these services for constructing shed for carrying out the manufacturing of the excisable goods at the registered premises; the services availed for the construction of shed have a direct nexus with the manufacturing and clearance of the products and therefore, credit in respect of such service should be allowed. She also submits that prior to the amendment in the definition of input service w.e.f. 01.04.2011, the credit in respect of construction services was admissible to the Appellant as it relates to modernization/renovation or repair of factory/premises. She also relies on the ***Circular No. 943/04/2011-CX dated 29.04.2011*** wherein it was clarified that the change in the definition of input service is not applicable prior to 01.04.2011; therefore, the exclusion of the construction services is only applicable w.e.f. 01.04.2011. In support of this submission, she places reliance on the following cases:

- ***M/s Rico Auto Industries Ltd. v. Commissioner of C. Excise-Delhi-III, 2023-TIOL-440-CESTAT-CHD***
- ***Commissioner Central Excise Commissionerate, Delhi-III vs. M/s. Bellsonica Auto Components India P. Ltd., 2015 (40) S.T.R. 41 (P & H)***
- ***Commissioner Central GST, Gurgaon Commissionerate v. M/s. DLF, 2022 (12) TMI 139 – Punjab & Haryana High Court***
- ***Kansai Nerolac Paints Ltd. v. Commissioner of Central Excise, Delhi-III, 2024 (3) TMI 1038 - CESTAT Chandigarh***
- ***Carrier Airconditioning & Refrigeration Ltd v. C.C.E., Delhi-IV, 2016 (41) S.T.R. 824 (Tri. - Chan.)***

- ***Honda Motorcycle & Scooter (I) Pvt. Ltd. Versus Commr. Of C. Ex., Delhi-III- 2016 (45) S.T.R. 397 (Tri. - Chan.)***

She further submits that in impugned order, the learned Commissioner has relied on the decision of Larger Bench of the Tribunal in the case of ***Vandana Global (P) Ltd. v. CCE, 2010 (253) E.L.T. 440 (Tribunal-LB)*** to deny the Cenvat Credit on the construction services. She also submits that the said decision of the Larger Bench of the Tribunal was reversed by the Hon'ble Chhattisgarh High Court, reported in ***2018 (16) G.S.T.L. 462 (Chhattisgarh)*** and further, the department's appeal against this judgement was also rejected; therefore, department's reliance on the said Larger Bench decision is not justified to deny the Cenvat Credit.

4.2.7 **Surface Colouring/Coating and Fabrication Services** -

As regards the denial of the Cenvat Credit on Surface Colouring/Coating as well as Fabrication services, the learned Counsel submits that the services of surface colouring/coating and fabrication are procured for the repair and maintenance of huge machineries and other iron & steel structures. She also submits that the machinery requires periodical maintenance including surface colouring, coating and greasing, painting and fabrication and welding etc to ensure proper functioning of the machinery; therefore, these services have the direct nexus with the manufacturing activity.

4.2.8 **Insurance Service** - As regards the denial of the Cenvat Credit on Insurance service, the learned Counsel submits that insurance services are received to obtain Mediclaim Policies for the

employees which is mandated by the Factory Act and Labour Laws; the Mediclaim Policies cover any medical risk of the employees of the Appellant who are the real assets of the company; Health insurance services are procured for group health policy of the employees because in the absence of employees due to poor health, it would be challenging to carry out the business functions and to carry out the manufacturing activities, therefore, this service is indirectly used in manufacture and falls within 'means-clause' of definition of input services under Rule 2(I) of the Cenvat Credit Rules. In this regard, she places reliance on the following decisions:

- ***M/s Tata Teleservices (Maharashtra) Limited v. Commissioner, Service Tax, Mumbai-II, 2024 (3) TMI 1407 - CESTAT Mumbai [LB]***
- ***Ahresty India Private Limited v. Commissioner of Central Goods & Service Tax, Faridabad, 2025 (2) TMI 551 - CESTAT Chandigarh***
- ***M/s Bechtel India Private Limited v. Commissioner of Service Tax, Delhi, 2023 (9) TMI 655 - CESTAT Chandigarh***
- ***The Commissioner of CGST & Central Excise v. Toyo Engineering India Ltd., 2019 (7) TMI 279 - Bombay High Court***
- ***Maruti Suzuki India Ltd. v. Commissioner of C. Ex., Delhi-III, 2017 (47) S.T.R. 273 (Tri. - Chan.)***

She also places reliance on the ***Circular No. 943/04/2011-CX dated 29.04.2011*** wherein it has been clarified that the change in the definition of input service is not applicable prior to 01.04.2011; therefore, the exclusion of the insurance services extended to the employees primarily for their personal consumption is only applicable

w.e.f. 01.04.2011; hence, the credit on insurance services is admissible to the Appellant prior to 01.04.2011. Further, she also submits that the credit on group insurance services for employees is admissible even post 01.04.2011; therefore, the credit on insurance services post 01.04.2011 is also admissible as held by the Hon'ble Madras High Court in the case of ***M/s Ganesan Builders Ltd. v. Commissioner of Service Tax, 2018 (10) TMI 269 - Madras High Court.***

4.3 As regards the invocation of extended period of limitation, the learned Counsel submits that in the present case, the show cause notice was issued on 30.10.2012 raising the demand for the period 2007-08 to 2011-12 by invoking the extended period of limitation. Further, she submits that demand for the period April 2007 to October 2011 is barred by limitation as during the relevant period, there was time limit of one year to issue the show cause notice under Section 11A of the Act. She further submits that the show cause notice did not bring out any activity or evidence on record to show fraud or suppression on the part of the Appellant. Further, she also submits that the present proceedings arose out of the audit conducted by the department in the month of December 2011. She further submits that the Appellant was under the *bona fide* belief that it is entitled to the credit on the input services and had been regularly filing the returns wherein the amount of credit availed on the input services was disclosed, hence, the department was already aware of the fact of the availment of credit of service tax paid on

input services. Therefore, the extended period of limitation cannot be invoked in the present case. In this regard, she places reliance on the following cases:

- ***FMI Automotive Components Ltd. v. Commissioner of Central Excise, Delhi-III, 2025 (2) TMI 141 - CESTAT Chandigarh***
- ***Good Year India Ltd. and Shri R.K. Gupta, Manager v. Commissioner of Central Goods & Service Tax, Faridabad, 2024 (10) TMI 287 - CESTAT Chandigarh***
- ***GD Goenka Pvt Ltd v. Commissioner of Central and Service Tax, 2023-TIOL-782-CESTAT-DEL***

4.4 As regards the interest and penalty, the learned Counsel submits that when the demand itself is not sustainable then question of interest and penalty does not arise.

5. On the other hand, the learned Authorized Representative for the department reiterates the findings of the impugned order and submits that in most of the impugned services, the Appellant has failed to prove the nexus between the input services and the manufacturing process, and because of lack of nexus, Cenvat Credit on all these impugned services is rightly denied. She further submits that in the present case, some of the services have been availed in year 2011-12 when there was an exclusion brought in the definition of input services.

6. To counter the above submission of the learned Authorized Representative for the department, the learned Counsel for the Appellant submits that post amendment, only three services namely House Keeping/Gardening, Outward Courier and Insurance services

were availed which are not excluded by amending the definition of input services w.e.f. 01.04.2011.

7. We have considered the submissions made by both the parties and perused the material on record as well as various case-laws relied upon by the Appellant. Before proceeding to give our findings on each individual service, we think it would be appropriate to examine the definition of 'input service' during the relevant period, which can be divided into following parts:

"Means clause: *Services are used by the manufacturer whether directly or indirectly, in relation to the manufacture of the final products and clearance of final products from/upto the place of removal;*

Inclusion clause: *Inclusive part of the definition specifically includes certain services in the ambit of input services;*

Exclusion clause: *Exclusion part of the definition excludes certain services from the ambit of input services. This clause was inserted with effect from 01.04.2011."*

8. Further, we find that in the present case, most of the impugned services were availed prior to the amendment in the definition of the 'input service' w.e.f. 01.04.2011. Further, we find that before the amendment in the definition of input service, the use of the phrase

“in relation to” was interpreted widely to cover the activity relating to business i.e. any service in relation to business of manufacturing of final product would be covered within the ambit of the inclusive part of the definition.

9. Now, we will consider each and every service to find out whether the same falls under the definition of ‘input service’ and the Appellant is entitled to Cenvat Credit of the same.

9.1 **House Keeping/Gardening Service**: In this regard, we find that the service of house-keeping/gardening was held as ‘input service’ in various cases relied upon by the Appellant (cited supra), wherein it has been held that under Rule 2(I) of the Cenvat Credit Rules, this service falls under the ambit of modernization, renovation, repair etc of the premises. Further, we also find that in the impugned order, the learned Commissioner has relied upon the decision of the Chennai Bench of the Tribunal in the case of ***CCE, Trichy v. Sri Rama Vilas Services Ltd.*** (supra) to deny the Cenvat Credit in absence of nexus of the said service with the manufacturing activity. We note that subsequently, Mumbai Bench of the Tribunal in the case of ***Thyssenkrupp Electrical Steel (I) P. Ltd.*** (supra) has distinguished the said decision of the Chennai Bench and has held that Cenvat Credit in respect of gardening service is admissible as maintenance of garden in the factory premises is a statutory requirement as per the State Pollution Control Board. Therefore, by following the ratio of the said decisions relied upon by the Appellant, we hold that the said service falls within the definition of ‘input

service' and hence, the Appellant is entitled to Cenvat Credit for the same.

9.2 **Vehicle Repair Service:** In this regard, we find that vehicles are required for transporting of manufactured goods, administrative staff and other guests and repair of the vehicles have been held to be 'input service' in by the Tribunal in the case of ***Dr. Reddy's Lab Ltd*** (*supra*) which has been affirmed by the Hon'ble Andhra Pradesh High Court, therefore, by following the ratio of the said decision, we hold that the this service falls within the ambit of the 'input service' and hence, the Appellant is entitled to avail Cenvat Credit on this service also.

9.3 **Transportation/Tour & Travel Service:** Cenvat Credit has been denied on account of the fact that this service was put in the negative list regime w.e.f. 01.04.2011. We find that no credit is availed in respect of these services post 01.04.2011, therefore, there is no question of denying the credit to the Appellant on these services on this basis. We also find that the ***Circular No. 943/4/20-11-CX dated 29.04.2011*** provided clarification in respect of the amendments made in the definition of input service w.e.f. 01.04.2011. It was clarified that the amendment done in the definition of the input service shall apply w.e.f. 01.04.2011. In the instant case, credit is not availed in respect of these services post 01.04.2011. We also find that transportation services are used by the administrative and technical staff of the company. These services facilitate the movement of the employees within the

factory, to the home and for travelling from one place to other for sales, meeting clients etc and help the employees to carry out their professional responsibilities and commitments. Thus, the transportation services are used for purpose of business. Hence, these services qualify as 'input service' and hence, the Appellant is entitled to avail Cenvat Credit.

9.4 **Outward Courier Service**: We find that this service has also been used for the purpose of business, therefore, it has a nexus with the manufacturing activity as held in the cases relied upon by the Appellant (*cited supra*).

9.5 **Interior Decoration Service**: We find that this service is to be held an 'input service' as the same has the direct nexus with the manufacturing and clearance of the final products. Also, the same has also been held an 'input service' by the Courts in the cases relied upon by the Appellant (*cited supra*).

9.6 **Construction Service**: We find that the Cenvat Credit on construction services availed by the Appellant relates to construction of the shed of the factory which is used for manufacturing of excisable goods at the registered premises. The said service has a direct nexus with the manufacturing and clearance of the products. Further, we also find that in the present case, the entire construction activity was carried out prior to the amendment in the definition of input service which was effective from 01.04.2011 and as per the various decisions cited supra, the Appellant is entitled to Cenvat

Credit on construction activity as the same is directly linked to the manufacturing of the products. Further, we find that the in impugned order, the learned Commissioner has relied on the decision of Larger Bench of the Tribunal in the case of ***Vandana Global (P) Ltd. v. CCE, 2010 (253) E.L.T. 440 (Tribunal-LB)*** to deny the Cenvat Credit on the construction services. We note that the said decision of the Larger Bench of the Tribunal has been set aside by the Hon'ble Chhattisgarh High Court, reported in ***2018 (16) G.S.T.L. 462 (Chhattisgarh)*** and moreover, the department's appeal against this judgement has also been dismissed; therefore, department's reliance on the said Larger Bench decision is not justified to deny the Cenvat Credit.

9.7 **Surface Colouring & Fabrication Service:** As regards the Surface Colouring and Fabrication services, we find that these services are procured for the repair and maintenance of huge machineries and other iron & steel structures. The machineries require periodical maintenance including surface colouring, coating and greasing, painting and fabrication and welding etc to ensure proper functioning of the machinery; therefore, these services have the direct nexus with the manufacturing activity, therefore, the Appellant is entitled to Cenvat Credit on the said services also.

9.8 **Insurance Services:** We find that the insurance services are availed to obtain Mediclaim Policies for the employees which are mandatory under the Factory Act and Labour Laws. These services have also been held to be the 'input services' in the various decisions

relied upon by the Appellant (*cited supra*). Further, we find that vide ***Circular No. 943/04/2011-CX dated 29.04.2011***, it was clarified that the change in the definition of 'input service' is not applicable prior to 01.04.2011 and the exclusion of the insurance services extended to the employees primarily for their personal consumption is only applicable w.e.f. 01.04.2011; whereas in the present case, the credit on insurance services is admissible to the Appellant prior to 01.04.2011.

10. As regards the invocation of extended period of limitation, we find that the issue was raised during the audit conducted by the department in the month of December 2011 and prior to that the said issue was not raised and the Appellant has regularly been filing the returns and availing the credit on the input services, which was not questioned by the department. Further, the department has not brought anything on record to satisfy the ingredients which are required for invoking the extended period of limitation; therefore, we hold that substantial demand is barred by limitation.

11. As regards interest and penalty, we hold that the demand itself is not maintainable, the question of interest and penalty does not arise.

12. In view of our discussion above and by following the ratios of the various decisions cited *supra*, we hold that all the input services availed by the Appellant during the relevant period, are eligible for Cenvat Credit and the impugned order, denying the same, is liable to

be set aside and we do so by allowing the appeal of the Appellant with consequential relief, if any, as per law.

(Order pronounced in the court on 28.04.2026)

(S. S. GARG)
MEMBER (JUDICIAL)

(P. ANJANI KUMAR)
MEMBER (TECHNICAL)

RA_Saifi