IN THE CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
EASTERN ZONAL BENCH: KOLKATA

REGIONAL BENCH – COURT NO. 2

Excise Appeal No. 77427 of 2018

(Arising out of Order-in-Original No. 42/COMMR/BOL/17-18 dated 28.03.2018 passed by the Commissioner of Central Goods and Service Tax, Bolpur Commissionerate, Nanoor Chandidas Road, Sian, Bolpur, District: Birbhum, West Bengal, PIN – 713 204)

M/s. C. P. Re-rollers Limited **: Appellant**
Raturia Industrial Area, Angadpur,
Durgapur, PIN – 713 215 (West Bengal)

VERSUS

Commissioner of C.G.S.T. and Central Excise **: Respondent**
Bolpur Commissionerate,
Nanoor Chandidas Road, Sian, Bolpur,
District: Birbhum, PIN – 713 204 (West Bengal)

AND

Excise Appeal No. 77726 of 2018

(Arising out of Order-in-Original No. 42/COMMR/BOL/17-18 dated 28.03.2018 passed by the Commissioner of Central Goods and Service Tax, Bolpur Commissionerate, Nanoor Chandidas Road, Sian, Bolpur, District: Birbhum, West Bengal, PIN – 713 204)

Arun Jhunjhunwala, Proprietor, **: Appellant**
M/s. Shyam Sky Steel
114, Belilious Road,
Howrah – 711 101 (West Bengal)

VERSUS

Commissioner of C.G.S.T. and Central Excise **: Respondent**
Bolpur Commissionerate,
Nanoor Chandidas Road, Sian, Bolpur,
District: Birbhum, PIN – 713 204 (West Bengal)

APPEARANCE:

Shri Subrata Mukherjee, Consultant, for the Appellant(s)

Shri Argho Mukherjee, Authorized Representative, for the Respondent

CORAM:

HON'BLE SHRI R. MURALIDHAR, MEMBER (JUDICIAL)
HON'BLE SHRI K. ANPAZHAKAN, MEMBER (TECHNICAL)

FINAL ORDER NOs. 76035-76036 / 2026

DATE OF HEARING: 21.07.2026

DATE OF DECISION: 06.08.2026

ORDER: [PER SHRI K. ANPAZHAKAN]

The present appeals have been filed against the impugned Order-in-Original No. 42/COMMR/BOL/17-18 dated 28.03.2018 passed by the Ld. Commissioner, C.G.S.T., Bolpur Commissionerate, whereby proceedings initiated against M/s. C.P. Re-Rollers Ltd., Durgapur (hereinafter referred to as the appellant-company / appellant no. 1) and Shri Arun Jhunjhunwala, Proprietor of M/s. Shyam Sky Steel (hereinafter referred to as the "appellant no. 2") were confirmed culminating in confirmation of demand of Central Excise duty on account of denial of CENVAT Credit, along with interest thereon, and imposition of penalties.

1.1. Since the present appeals emanate from a common impugned order, the same were heard together and taken up together for disposal by way of a common order.

2. The facts of the case are that intelligence was gathered by the Revenue to the effect that the appellant-company, M/s. C.P. Re-Rollers Ltd. had irregularly availed and utilized CENVAT Credit on the strength of Central Excise invoices purportedly issued by M/s. Shyam Sky Steel, a registered dealer, without actual physical receipt of the inputs, and had, in turn, issued invoices in favour of the said dealer without corresponding clearance of excisable goods. Acting upon the said intelligence, the factory premises of the appellant-company (appellant no. 1) were searched on 17.01.2017, during which records and documents relating to the transactions between the aforesaid entities were scrutinized.

3. It emerged during investigation that, during the Financial Year 2014-15, M/s. C.P. Re-Rollers Ltd. had availed CENVAT Credit amounting to Rs.97,93,739/- on the strength of invoices issued by M/s. Shyam Sky Steel. It was further noticed that the said manufacturer had issued Central Excise invoices in favour of M/s. Shyam Sky Steel reflecting clearance of 3360.400 MT of TMT Bars having an assessable value of Rs.10,38,76,980/-, involving Central Excise duty of Rs.1,28,39,192/- during the same period.

3.1. During the course of investigation, statements of Shri Arun Jhunjhunwala, Proprietor of M/s. Shyam Sky Steel, Shri Narendra Nath Ghosh, Authorised Signatory of M/s. C.P. Re-Rollers Ltd., and Shri Kumar Chand Chawla, Director of M/s. C.P. Re-Rollers Ltd., were recorded under Section 14 of the Central Excise Act, 1944.

3.2. The Revenue also examined the particulars of certain vehicles shown in the invoices to have been used for transportation of the goods. On verification of the vehicle registration details through the official portal www.vahan.nic.in, it was noticed that certain vehicle registration numbers corresponded to categories such as tractor, motor car, motorcycle/scooter, three-wheeler goods carrier and three-wheeler passenger vehicle, notwithstanding the fact that the corresponding invoices reflected transportation of substantial quantities of goods ranging from 9.44 MT to 17.56 MT. The Department considered these circumstances, along with the statements recorded during investigation, as indicative of absence of actual physical movement of the goods and alleged that the transactions between the parties were merely paper transactions intended for wrongful availment and passing on of inadmissible CENVAT Credit.

4. Proceeding on the aforesaid premise, the Revenue formed a prima facie view that M/s. C.P. Re-Rollers Ltd. had irregularly availed inadmissible CENVAT Credit amounting to Rs.97,93,739/- in contravention of the provisions of the CENVAT Credit Rules, 2004 and had also effected clandestine clearance of finished goods, allegedly resulting in evasion of Central Excise duty amounting to Rs.1,28,39,192/-, thereby rendering themselves liable to recovery of duty, interest and penal consequences under the provisions of the Central Excise Act, 1944 and the CENVAT Credit Rules, 2004. Accordingly, a Show Cause Notice No. 18/COMMR/CE/DGP/2017-18 dated 20.06.2017 came to be issued proposing, inter alia, disallowance and recovery of the alleged inadmissible CENVAT Credit of Rs.97,93,739/-, recovery of Central Excise duty amounting to Rs.1,28,39,192/-, along with applicable interest and penalties upon the noticees under the relevant provisions of the Central Excise Act, 1944, the CENVAT Credit Rules, 2004 and the Central Excise Rules, 2002. Consequent upon administrative reorganisation pursuant to Central Excise Trade Notice No. 03/2017 dated 29.06.2017, the proceedings stood transferred to the Commissioner, C.G.S.T., Bolpur Commissionerate for adjudication.

4.1. Upon adjudication, the proceedings culminated in the passing of the impugned order dated 28.03.2018 confirming the proposed demands and penalties against the appellants. The ld. adjudicating authority disallowed the CENVAT Credit amounting to Rs.97,93,739/-, alleged to have been irregularly availed and utilized by M/s. C.P. Re-Rollers Ltd. on the strength of invoices issued by M/s. Shyam Sky Steel, and ordered recovery thereof under Rule 14 of the CENVAT Credit Rules, 2004 read with Section 11A(10) of the Central Excise Act, 1944, together with applicable interest under Rule 14 of the CENVAT Credit Rules, 2004 read with Section 11AA of the Act. A penalty equivalent to the aforesaid amount of Rs.97,93,739/- was also imposed upon M/s. C.P. Re-Rollers Ltd. under Rule 15(2) of the CENVAT Credit Rules, 2004 read with Section 11AC of the Central Excise Act, 1944. Further, a personal penalty of Rs.5,00,000/- came to be imposed upon Shri Arun Jhunjhunwala / appellant no. 2, under Rule 26(2) of the Central Excise Rules, 2002. However, the proposal for recovery of Central Excise duty amounting to Rs.1,28,39,192/-, premised upon the allegation of clandestine removal of finished goods, was dropped in its entirety and, consequently, no interest or penalty was imposed on that count. The adjudicating authority also refrained from imposing any penalty upon Shri Kumar Chand Chawla, Director of the appellant no. 1 herein.

4.2. Aggrieved by the confirmation of the above demands of duty, interest and penalties, the present appeals have been preferred before this Tribunal.

5. The Ld. Counsel for the appellants, reiterating the grounds of appeal, inter alia, submits as follows:

(i) That the appellant had legitimately procured M.S. Scrap from M/s. Shyam Sky Steel, a duly registered Central Excise dealer, under valid Central Excise invoices, and had lawfully availed CENVAT Credit after actual receipt and consumption of the inputs in the manufacture of dutiable final products.

(ii) That the Department itself had granted registration to the dealer after due verification and, therefore, the appellant could not be faulted for acting upon invoices issued by such registered dealer. There was no material to establish that either the dealer or the manufacturers mentioned in the invoices were fictitious or non-existent during the relevant period.

(iii) That the entire consideration was discharged through banking channels by way of RTGS/Cheques, Service Tax under the Reverse Charge Mechanism on transportation charges was duly paid and reflected in the statutory ST-3 Returns, and all transactions stood duly recorded in the statutory books of account, ER-1 Returns and stock registers.

(iv) That the impugned proceedings rest substantially upon the statement of Shri Arun Jhunjhunwala, which was specifically disputed by the appellant and remained wholly uncorroborated by any independent evidence. No investigation was conducted with the manufacturers mentioned in the invoices, nor was any evidence adduced to establish that the appellant had procured non-duty-paid scrap from any other source.

(v) That the appellant had taken all reasonable precautions expected of a bona fide purchaser and could not, in law, be expected to verify the internal affairs or duty compliance of the registered dealer or its suppliers. The burden cast upon the appellant by the Revenue is contrary to the settled principles governing availment of CENVAT Credit.

(vi) That the reliance placed by the Department upon a few allegedly mismatched vehicle registration numbers is wholly misconceived, particularly when the disputed instances constitute only a negligible fraction of the total consignments transported during the relevant period and are incapable of discrediting the entire chain of transactions.

(vii) That the appellant's records had also been subjected to departmental audit/CERA scrutiny without any objection regarding the impugned availment of credit, thereby lending further credence to the bona fides of the transactions.

(viii) That the allegation of fraudulent availment of CENVAT Credit is unsupported by cogent evidence, proceeds merely on suspicion and contradictory statements, and is liable to fail in the absence of substantive corroborative material. Mere suspicion, however grave, cannot substitute legal proof.

(ix) That the denial of legitimate CENVAT Credit in the facts of the present case would defeat the very object of the CENVAT scheme by resulting in double taxation and is contrary to the settled judicial precedents relied upon by the appellants, including the decision of this Tribunal in *Om Shakti Smelters Ltd. & anr. v. Commissioner of C.Ex., Durgapur [Final Order Nos. 76470-76471 of 2025 dated 09.06.2025 in Excise Appeal Nos. 76196 & 76197 of 2016 – CESTAT, Kolkata]*

5.1. On the aforesaid submissions, the Ld. Counsel for the appellants prays for setting aside the impugned order to the extent it disallows CENVAT Credit amounting to Rs.97,93,739/- together with the consequential interest and penalties imposed upon the appellants, and thus, for allowing the present appeals with consequential reliefs.

6. On the other hand, the Ld. Authorized Representative of the Revenue supports the impugned order and submits that the evidence gathered during investigation, including the statements recorded under Section 14 of the Central Excise Act, 1944 and verification of the vehicle particulars, clearly establishes that no goods were supplied by M/s. Shyam Sky Steel to the appellant No. 1 namely, M/s. C.P. Re-rollers Ltd. and that CENVAT Credit had been availed merely on the strength of forged invoices without actual receipt of the goods. He also argues that the role played by M/s. Shyam Sky Steel is also clear, who had fraudulently issued invoices solely to facilitate wrongful availment of inadmissible CENVAT Credit. In these terms, he justifies the impugned demand of duty, interest and penalties imposed upon the appellants as being legal and proper. Accordingly, the Ld. Authorized Representative of the Revenue prays for dismissal of instant appeals.

7. Heard both sides are perused the documentary evidence placed on record.

8. After hearing the parties, we find that the principal issues which arise for determination in the present appeals are as under: -

(i) Whether, in the facts and circumstances of the case, the Revenue has been able to establish, on the basis of cogent and legally admissible evidence, that M/s. C.P. Re-Rollers Ltd. had availed CENVAT Credit on invoices issued by M/s. Shyam Sky Steel without actual receipt and consumption of the inputs in its factory, or not.

(ii) Whether the statements recorded during the course of investigation constitute reliable and legally admissible evidence sufficient, by themselves, to sustain the demands confirmed in the impugned order, or not.

(iii) Whether the particulars obtained from the Vahan portal regarding certain transport vehicles are, by themselves, sufficient to conclude that no physical movement of goods had taken place and that the transactions in question were merely paper transactions intended for wrongful availment of CENVAT Credit, or not.

<u>Issue No. (i): Whether, in the facts and circumstances of the case, the Revenue has been able to establish, on the basis of cogent and legally admissible evidence, that M/s. C.P. Re-Rollers Ltd. had availed CENVAT Credit on invoices issued by M/s. Shyam Sky Steel without actual receipt and consumption of the inputs in its factory, or not.</u>

9. At the threshold, we find considerable substance in the contention advanced on behalf of the appellants that the very edifice of the Revenue's case rests upon an assumption which has not been substantiated by any independent and cogent evidence. It is an undisputed position that M/s. Shyam Sky Steel was, during the material period, a duly registered first-stage dealer under the Central Excise law, having been granted registration by the Department itself after due verification in accordance with the statutory procedure. So long as such registration remained valid and operative, the invoices issued by the said registered dealer could not, ipso facto, be branded as fictitious, forged or non est merely because the Department subsequently entertained doubts regarding certain transactions. The burden to establish otherwise, therefore, rested squarely upon the Revenue.

9.1. It is also an admitted factual position that the appellant-company had received the disputed inputs under cover of valid Central Excise invoices issued by the registered dealer, the invoices themselves disclosing the particulars of the original manufacturers and the duty paid thereon. The records further disclose that the consideration for such transactions was discharged through recognised banking channels, including RTGS, NEFT and account-payee cheques, and the corresponding ledger accounts reflected due realization of the sale proceeds. The appellants have also brought on record that Service Tax on the GTA services utilised for transportation of the inputs was duly discharged under the reverse charge mechanism and reflected in the statutory ST-3 Returns. These contemporaneous statutory records lend considerable assurance to the bona fides of the transactions and cannot be brushed aside in the absence of convincing evidence to the contrary.

9.2. Another aspect which assumes considerable significance is that the Revenue has nowhere alleged, much less established, that the appellant had procured non-duty-paid scrap from the open market or from any undisclosed source. The appellant has consistently maintained that the inputs received during the period from July, 2014 to February, 2015 stood duly consumed in the manufacture of its finished excisable goods. Indeed, once the manufacture and subsequent clearance of the finished products have not been disputed, the inevitable question which arises is as to the source of the raw materials allegedly utilised in such manufacture. If, according to the Department, the inputs covered by the disputed invoices had never reached the appellant's factory, it was incumbent upon the investigating authorities to establish, by positive evidence, the alternative source from which such raw materials were procured. No such investigation appears to have been undertaken.

9.3. It is also equally well settled that allegations of fraudulent availment of CENVAT Credit cannot rest upon conjectures or presumptions. The burden lay upon the Revenue to establish, by cogent, affirmative and corroborative evidence, that the goods covered by the impugned invoices were never received by the appellant and that the entire chain of transactions was merely a paper arrangement. Save and except the materials which shall presently be examined separately, no investigation appears to have been conducted regarding the procurement of alternative raw materials, the manufacturing process, stock records, consumption pattern or any other contemporaneous evidence which could reasonably substantiate such a serious allegation. Such omissions strike at the very foundation of the Revenue's case.

9.4. The appellants have further placed various supporting documents on record, including year-wise reconciliation statements, invoice-wise purchase particulars, party ledgers, stock summaries, proof of payment of Central Excise duty, payment of Service Tax under the reverse charge mechanism on transportation charges and the corresponding ER-1 and ST-3 Returns, to substantiate their plea regarding receipt and consumption of the inputs. Copies of some of the relevant documents are reproduced below as ready reference: -

- Stock Summary:

C P Re-Rollers Ltd_IT_2014-15
RATURIA
ANGADPUR INDUSTRIAL AREA
DURGAPUR - 713215
DIST. BURDWAN, WEST BENGAL

ANNEX - P2

Stock Summary
For 21-Jul-2014

Page 1

Particulars	Opening Balance Quantity	Inwards Quantity	Outwards Quantity	Closing Balance Quantity
Billet (Cuttting)	0.543 MT.	0.025 MT.		0.568 MT.
Billet (Mill Scale)	15.530 MT.	0.840 MT.		16.370 MT.
Billet (Production)	256.027 MT.	70.535 MT.	72.000 MT.	254.562 MT.
Burning Loss	1,550.060 MT.	12.960 MT.		1,563.020 MT.
Coal (Excise)	346.560 MT.			346.560 MT.
Coal Fines (VAT)	2.390 MT.			2.390 MT.
Coal (VAT)	55.585 MT.			55.585 MT.
Coil (5.5mm)	0.185 MT.			0.185 MT.
Mill Scale (R/mill)	58.248 MT.	1.440 MT.		59.688 MT.
Mill Scale (S/mill)	11.905 MT.			11.905 MT.
M.S. ANGLE	42.125 MT.			42.125 MT.
M.S.Angle (T/D)	0.020 MT.			0.020 MT.
M.S. CHANNEL	28.420 MT.			28.420 MT.
M.S.Channel (T/D)	0.020 MT.			0.020 MT.
M.S.Ingot (Pur)	100.630 MT.			100.630 MT.
M.S. Round	50.050 MT.		8.250 MT.	41.800 MT.
M.S.Round (T/D)	0.005 MT.			0.005 MT.
M.S.Scrap (Pur)	88.858 MT.	123.320 MT.	17.000 MT.	195.178 MT.
M. S. Scrap (Rolling Mill)	47.702 MT.	2.160 MT.		49.862 MT.
M.S.Scrap (Section Mill)	18.660 MT.			18.660 MT.
M.S.Wire Rod (Finished Goods)	8.160 MT.			8.160 MT.
Pig Iron	58.690 MT.		17.000 MT.	41.690 MT.
Pooled Iron	48.070 MT.	41.290 MT.		89.360 MT.
Sponge Iron	727.549 MT.	201.410 MT.	50.000 MT.	878.959 MT.
TMT BAR	928.440 MT.	65.320 MT.		993.760 MT.
TMT Bar (Cutting)	41.563 MT.	2.720 MT.		44.283 MT.
Grand Total	4,485.995 MT.	522.020 MT.	164.250 MT.	4,843.765 MT.

C. P. Re-Rollers Ltd.

- Item Register:

C P Re-Rollers Ltd_IT_2014-15
RATURIA
ANGADPUR INDUSTRIAL AREA
DURGAPUR - 713215
DIST. BURDWAN, WEST BENGAL

M.S.Scrap (Pur)
Item Register
For 21-Jul-2014

Date	Particulars	Vch Type	Vch No.	Inwards Quantity	Outwards Quantity	Closing Quantity
21-07-2014	Billet (Production)	Stock Journal	215		17.000 MT.	
21-07-2014	Shyam Sky Steel	Vat Purchase	176	11.040 MT.		
21-07-2014	Shyam Sky Steel	Vat Purchase	177	13.000 MT.		
21-07-2014	Shyam Sky Steel	Vat Purchase	178	16.040 MT.		
21-07-2014	Shyam Sky Steel	Vat Purchase	179	15.940 MT.		
21-07-2014	Shyam Sky Steel	Vat Purchase	180	16.100 MT.		
21-07-2014	Shyam Sky Steel	Vat Purchase	181	16.220 MT.		
21-07-2014	Shyam Sky Steel	Vat Purchase	182	14.880 MT.		
21-07-2014	Shyam Sky Steel	Vat Purchase	183	20.100 MT.		195.178 MT.
	Totals :			123.320 MT.	17.000 MT.	195.178 MT.

C. P. Re-Rollers Limited

- Sample Challans cum Invoices (inclusive of central excise duty):

CHALLAN CUM INVOICE

(ISSUE OF INVOICE UNDER RULE 11 OF CENTRAL EXCISE RULES 2002)

First Stage Dealer

(Original for Buyer)

(4)

SHYAM SKY STEEL

1/A SriKrishnapur Road, Kazipara Barasat, North-24 Prg Kolkata-7000124

VAT TIN : 19694879031
CST No. : 19694879031
PAN / Income Tax No. : ARUPJ8760D
Excise Regn No.: ARUPJ8760DED002

Range : III
Division : BARASAT
Commissionerate : KOLKATA-III

21/07/14

Buyer
C.P.RE-ROLLERS LTD
Raturia,Angadpur Industrial Area
Durgapur-713215 Dist-Burdwan
West Bengal
VAT TIN : 19801794080 CST No. : 19801794274
Excise Regn No.: AABCC8496QXM001
Range : DURGAPUR-2
Division : DURGAPUR-IV
Commissionerate : BOLPUR

Invoice No. SSS/EXC/047/2014-15	Dated 21-Jul-2014
Buyer's Order No.	Dated
Delivery Note SSS/EXC/047/2014-15	Dated 21-Jul-2014
Supplier's Ref.	Despatch Document No.
Despatched through	Destination EX-STOCK
Date & Time of issue of Invoice 21.7.2014 AT 8.00AM	Motor Vehicle No. WGD-2271
Date & Time of Removal of Goods 21.7.2014 AT 8.30AM	Authenticated By for SHYAM SKY STEEL
Mode/Terms of Payment	Authorised Signatory

SI No	Description of Goods	Tariff / HSN Classification	Quantity	Rate	per	Amount
1	M.S. Scrap	7204.2990	11.040 MT	30,000.00	MT	3,31,200.00
	Output Vat @ 5% (3,31,200.00)			5	%	16,560.00
	Total		11.040 MT			₹ 3,47,760.00

Amount Chargeable (in words) : **INR Three Lakh Forty Seven Thousand Seven Hundred Sixty Only**

Description of Goods	Assessable Value	Rate of BED	BED Amount	Rate of Ed Cess	Ed Cess Amount	Rate of Sec Ed Cess	Sec Ed Cess Amount
M.S. Scrap	3,64,320.00	12 %	43,718.00	2 %	874.00	1 %	437.00
Total	3,64,320.00		43,718.00		874.00		437.00

Amount of Duty (in words) : **INR Forty Three Thousand Seven Hundred Eighteen Only**
Amount of Cess (in words) : **INR One Thousand Three Hundred Eleven Only**

Name & Address of Supplier of goods if he is not a Manufacturer/Importer :	Excise Regn No.	Division	Invoice No. / Date	Seller RG 23D No
	Range	Commissionerate		

Name & Address of the Manufacturer/Importer :	Excise Regn No.	Division	Invoice No. / Date	Mfgr/Impr PLA/RG 23 No
Shreegopal Concrete Pvt.Ltd. Dhasal P.O.-Bahadur pur-713362, Dist.-Burdwan, West Bengal	AAJCS2118PXM002	ASANSOL-I Sanraleigh Road	00587 / 18-Jul-2014	
	Range JAMURIA	Commissionerate Chandidas Road,SIAN,BOLPUR		

Manufacturer/Importer Duty Details

Description of Goods	Tariff Classification	Quantity	Assessable Value	BED Amount	Ed Cess Amount	Sec Ed Cess Amount	Total Duty Amount	Duty per Unit
M.S. Scrap	7204.2990	11.040 MT	3,64,320.00	43,718.00	874.00	437.00	45,029.00	4,078.71
Total		11.040 MT	3,64,320.00	43,718.00	874.00	437.00	45,029.00	

Amount of Duty (in words) : **INR Forty Three Thousand Seven Hundred Eighteen Only**
Amount of Cess (in words) : **INR One Thousand Three Hundred Eleven Only**

Declaration : We declare that this invoice shows the actual price of the goods described and that all particulars are true and correct

Excise Declaration
Certified that the goods covered under this invoice were :- (A) Imported directly by us or Received directly from M/s .... who have imported the goods (B) Received directly from Factory/Depot/Consignment Agent/Authorized Premises of M/s. Shreegopal Concrete Pvt.Ltd. (C) Received from M/s .... who are the First Stage Dealer of M/s..................
Place : .... Date : ....

for SHYAM SKY STEEL

Authorised Signatory

This is a Computer Generated Invoice

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CHALLAN CUM INVOICE
(ISSUE OF INVOICE UNDER RULE 11 OF CENTRAL EXCISE RULES 2002)
First Stage Dealer

(Original for Buyer)

SHYAM SKY STEEL
1/A SriKrishnapur Road, Kazipara Barasat, North-24 Prg Kolkata-7000124

VAT TIN 19694879031
CST No 19694879031
PAN / Income Tax No : ARUPJ8760D
Excise Regn No.: ARUPJ8760DED002

Range : III
Division : BARASAT
Commissionerate : KOLKATA-III

12/09/14

Buyer C.P.RE-ROLLERS LTD Raturia,Angadpur Industrial Area Durgapur-713215 Dist-Burdwan West Bengal VAT TIN : 19801794080 CST No. : 19801794274 Excise Regn No.: AABCC8496QXM001 Range : DURGAPUR-2 Division : DURGAPUR-IV Commissionerate : BOLPUR	Invoice No. SSS/EXC/117/2014-15	Dated 12-Sep-2014
	Buyer's Order No.	Dated
	Delivery Note SSS/EXC/117/2014-15	Dated 12-Sep-2014
	Supplier's Ref.	Despatch Document No.
	Despatched through	Destination EX-STOCK
	Date & Time of issue of Invoice 12.9.2014 AT 8.00AM	Motor Vehicle No. WB-23A-2489
	Date & Time of Removal of Goods 12.09.2014 AT 9.00AM	Authenticated By for SHYAM SKY STEEL
	Mode/Terms of Payment	Authorised Signatory

Sl No	Description of Goods	Tariff / HSN Classification	Quantity	Rate	per	Amount
1	M.S. Scrap	7204 2990	30.250 MT	30,000.00	MT	9,07,500.00
	Output Vat @ 5% (9,07,500.00)			5	%	45,375.00
	Total		30.250 MT			₹ 9,52,875.00

Amount Chargeable (in words) : INR Nine Lakh Fifty Two Thousand Eight Hundred Seventy Five Only

Description of Goods	Assessable Value	Rate of BED	BED Amount	Rate of Ed Cess	Ed Cess Amount	Rate of Sec Ed Cess	Sec Ed Cess Amount
M.S. Scrap	9,07,500.00	12 %	1,08,900.00	2 %	2,178.00	1 %	1,089.00
Total	9,07,500.00		1,08,900.00		2,178.00		1,089.00

Amount of Duty (in words) : INR One Lakh Eight Thousand Nine Hundred Only
Amount of Cess (in words) : INR Three Thousand Two Hundred Sixty Seven Only

Name & Address of Supplier of goods if he is not a Manufacturer/Importer	Excise Regn No.	Division	Invoice No. / Date	Seller RG 23D No
	Range	Commissionerate		

Name & Address of the Manufacturer/Importer	Excise Regn No	Division	Invoice No. / Date	Mfgr/Impr PLA RG 23 No
Jagdamba Industries Ltd J.L. NO.-85 MOUZA -GOPINATH PUR. DURGAPUR-713211 West Bengal	AAACJ6843R-XM-003	DGP-II	B/00134 / 9-Sep-2014	
	Range 2 CITY CENTRE DURGAPUR-16	Commissionerate BOLPUR		

Manufacturer/Importer Duty Details

Description of Goods	Tariff Classification	Quantity	Assessable Value	BED Amount	Ed Cess Amount	Sec Ed Cess Amount	Total Duty Amount	Duty per Unit
M.S. Scrap	7204 2990	30.250 MT	9,07,500.00	1,08,900.00	2,178.00	1,089.00	1,12,167.00	3,708.00
Total		30.250 MT	9,07,500.00	1,08,900.00	2,178.00	1,089.00	1,12,167.00	

Amount of Duty (in words) : INR One Lakh Eight Thousand Nine Hundred Only
Amount of Cess (in words) : INR Three Thousand Two Hundred Sixty Seven Only

Declaration : We declare that this invoice shows the actual price of the goods described and that all particulars are true and correct

Excise Declaration
Certified that the goods covered under this invoice were :- (A) imported directly by us or Received directly from M/s .... who have imported the goods (B) Received directly from Factory/Depot/Consignment Agent/Authorized Premises of M/s. Jagdamba Industries Ltd (C) Received from M/s .... who are the First Stage Dealer of M/s............
Place .... Date : ....

for SHYAM SKY STEEL
Authorised Signatory
E & O E

This is a Computer Generated Invoice

9.5. Accordingly, we are of the prima facie view that the documentary evidence placed on record by the appellant, read in conjunction with the admitted factual circumstances, considerably outweighs the presumptive basis on which the impugned demand has been confirmed. The findings recorded in the impugned order, to the extent they proceed on the assumption that no goods were ever received by the appellant, cannot be sustained unless supported by evidence of a more definite, convincing and unimpeachable character. The above issue therefore stands answered in favour of the appellant. The remaining evidentiary circumstances relied upon by the Revenue shall now be examined independently.

<u>Issue No. (ii): Whether the statements recorded during the course of investigation constitute reliable and legally admissible evidence sufficient, by themselves, to sustain the demands confirmed in the impugned order, or not.</u>

10. In the present case, the Revenue has sought to sustain the impugned demand principally on the basis of the statements recorded during the course of investigation, particularly those of Shri Arun Jhunjhunwala, Proprietor of M/s. Shyam Sky Steel, Shri Narendra Nath Ghosh, Authorised Signatory of M/s. C.P. Re-Rollers Ltd., and Shri Kumar Chand Chawla, Director of M/s. C.P. Re-Rollers Ltd. It, therefore, becomes necessary to examine whether such statements, viewed in the backdrop of the attendant facts and circumstances, constitute legally admissible and sufficient evidence to sustain the serious allegations levelled against the appellants.

10.1. Upon a careful scrutiny of the records, we find merit in the contention advanced by the appellants that neither the Director nor any other authorised representative of M/s. C.P. Re-Rollers Ltd. has, at any stage of the investigation, categorically admitted that MS Scrap had never been delivered by M/s. Shyam Sky Steel to the appellant's factory. On the contrary, the Revenue has been unable to point out any categorical admission emanating from the appellant's side acknowledging that the disputed invoices represented mere paper transactions or that the inputs covered thereunder had never been physically received. The absence of any admission assumes considerable significance, particularly when the allegation pertains to fraudulent availment of CENVAT Credit carrying serious civil consequences.

10.2. Equally, the statement of Shri Arun Jhunjhunwala, on which the Revenue has placed overwhelming reliance, does not inspire such confidence as would justify fastening liability solely on its basis. A plain reading thereof reveals that while, on the one hand, he purportedly asserted that no physical movement of goods had taken place and that the transactions were merely book entries, on the otherhand, he simultaneously admitted that the consideration against such transactions had been realised through recognised banking channels by way of RTGS and cheques. Such mutually inconsistent assertions considerably erode the evidentiary value of the statement and lead to the conclusion that the same cannot be the sole foundation for disallowing substantial CENVAT Credit. A statement suffering from internal contradictions cannot, without substantial independent corroboration, be elevated to the status of conclusive evidence.

10.3. We also find substance in the grievance of the appellants that the investigation does not appear to have been conducted in a comprehensive or impartial manner; the appellants have argued that the statement of Mr. Arun Jhunjhunwala was recorded under pressure and coercion. In such circumstances, we agree that the said statements cannot be said to be free from doubt so as to warrant acceptance without corroboration.

10.4. Apart from the above, we note that it is well settled that a statement recorded during investigation, by itself, does not constitute substantive evidence for the purpose of denying CENVAT Credit unless the statutory safeguards embodied under Section 9D of the Central Excise Act, 1944 are duly complied with. Before such statements can be relied upon against an assessee, the makers thereof are required to be examined in chief in the manner contemplated under the statute, subject to the recognised exceptions contained therein. In the absence of compliance with the mandatory requirements of Section 9D, such statements lose much of their evidentiary force and cannot, standing alone, sustain the impugned demand.

10.5. Viewed thus, we are unable to hold that the statements relied upon by the Revenue, bereft of independent corroboration and attended by the aforesaid infirmities, constitute legally satisfactory evidence for sustaining the denial of CENVAT Credit. The impugned order, to the extent it places reliance on such statements, is therefore found to be legally unsustainable. This issue stands answered in the negative.

<u>Issue No. (iii): Whether the particulars obtained from the Vahan portal regarding certain transport vehicles are, by themselves, sufficient to conclude that no physical movement of goods had taken place and that the transactions in question were merely paper transactions intended for wrongful availment of CENVAT Credit, or not.</u>

11. The other limb of the Revenue's case rests upon the particulars of certain vehicles as reflected on the Vahan Portal (www.vahan.nic.in), from which it has been sought to be inferred that the quantities of MS Scrap covered under the disputed invoices could not have been transported through such vehicles. However, on a careful appreciation of the material on record, we find that such circumstance, by itself, is insufficient to sustain the serious allegation of fraudulent availment of CENVAT Credit. As rightly pointed out by the appellants, during the relevant period more than 150 consignments were received from M/s. Shyam Sky Steel involving nearly 80 transport vehicles, whereas discrepancies have been pointed out only in respect of a handful of vehicle registration numbers (i.e., 5 odd cases as specified in the impugned order). The records further indicate that the appellant had dealt with several suppliers during the material period, involving transportation through more than 1,000 vehicles in the ordinary course of business. Such isolated discrepancies, viewed in the overall factual matrix, cannot ipso facto justify the inference that the entire series of transactions was fictitious or that no goods had, in fact, been received. It is imperative to note that a few irregularities cannot be elevated into a determinative circumstance for disallowance of substantial CENVAT Credit.

11.1. What assumes greater significance is that the investigation remained conspicuously incomplete. Apart from obtaining particulars from the Vahan Portal, as evident from the records placed before us, the Revenue neither examined the concerned vehicle owners nor collected any corroborative material to establish that the vehicles in question had never transported the disputed consignments. Such investigation was imperative, particularly when the alleged discrepancies pertained only to a limited number of vehicle registrations. It is also observed that the appellant has sought to explain the above discrepancies, stating that, in certain cases, transporters resorted to display of incorrect or altered registration numbers owing to certain commercial violations, on their own accord. Though such explanation cannot be accepted unreservedly in the absence of independent evidence, the fact remains that the Revenue has equally failed to dislodge the same by producing cogent and affirmative evidence. In such circumstances, we are of the view that the benefit of doubt should accrue to the appellant, especially when the investigation for raising such demand is lacking.

11.2. We also find considerable force in the appellant's contention that the Vahan particulars, in the absence of independent corroboration, cannot constitute the sole basis for denial of CENVAT Credit. The Tribunal, in *Hindusthan Engineering & Industries Ltd. & ors. v. Commissioner of Central Excise, Kolkata-IV [Final Order Nos. 76117 to 76122 of 2025 dated 02.05.2025 in Excise Appeal No. 76580 of 2014 & connected appeals – CESTAT, Kolkata],* while dealing with an analogous issue, has held that discrepancies noticed from the Vahan Portal, unsupported by further investigation or corroborative evidence, are insufficient to sustain such demands. The relevant portion of the said order reads as under:-

> *"9. At the very outset, we cannot help but notice that there is no statement from the registered supplier cum dealer in the instant case i.e. M/s Vikash Industrial Corporation (proprietor: Sri Dipak Kumar Nathani), denying supply of goods to the appellant-company. If such be the admitted position, and we say so after carefully going through the statement of Sri Dipak Kumar Nathani dated 05.02.2013, then we find it difficult to hold that the appellant-company had been required to go behind the covering documents issued by the said M/s. Vikash Industrial Corporation under the provisions of the Central Excise Act, 1944 read with the Central Excise Rules, 2002. It was brought to our notice by the Learned Sr. Advocate for the appellant-company that specimen copies of the disputed invoices have been enclosed as Annexure C/1 to Annexure C/14 of the Show Cause Notice, appearing at page Nos. 228 onwards of the Paper Book filed by the appellant-company, and that on the face of such invoices it does not appear that any irregularity or default had been committed by the said supplying dealer, namely, Vikash Industrial Corporation or the specified manufacturers. We have gone through the said specimen invoices and we agree with the submissions by the Learned Sr. Advocate that when all relevant particulars stood duly mentioned in the said invoices, it was wholly impractical and quite unreasonable to expect the recipient-company to go behind the said documents, examine the actual procurement of goods from the concerned manufacturer and establish transportation of such goods from the factory premises or godown or other premises of the concerned manufacturers up to the premises of the concerned dealer and then to the recipient's premises.*
>
> *10. We find that during the course of investigation, statements of the owners of few vehicles were recorded, who stated that they had not transported the said goods. However, most of these statements of the vehicle owners were recorded after 3-4 years of the events. Further, these persons from whom statements were recorded, are the owners of the transporting*

vehicles and no statement from the drivers of the said vehicles have been recorded in this case.

10.1. Moreover, the above vehicle owners were required to be questioned during the course of investigation as to whether they were driving the said vehicles for transportation of goods during the impugned period or not. If these owners of the transporting vehicles were found to be driving the vehicles during the said period, only in that case and if not proven otherwise, the statements recorded from such transporters may be admissible, although not conclusive. In these circumstances, we find that the CENVAT Credit availed by the appellant no. 1 cannot be denied.

10.2. The same view has been taken by this Tribunal in the case of R.S. Ispat Private Limited & anr. v. Commissioner of Central Excise, Kolkata-IV [Final Order No. 76809 to 76810 of 2024 dated 04.09.20204 in Excise Appeal No. 75063 and 75064 of 2015 – CESTAT, Kolkata] wherein this Tribunal has observed as under: -

"16. The first submission of the appellant is that while the demand is in account of 245 transactions, the investigation was taken up for only 67 transactions. On a specific query to the AR as to whether any verification was taken for all the transactions or not, he submits that as per the available records, there is nothing to indicate that in respect of 178 invoices, any investigation was taken up to carry forward the allegation of non-receipt of these goods. We are of the view that in such cases, the Revenue is required to be very thorough since the demand is based on each and every invoice. The allegation can sustain only on such invoices on which the investigation has taken place and non-receipt if conclusively proved. The investigation in respect of 67 invoices [about 27% of the total 245], even wherein the appellant has pointed several anomalies, cannot be generalized to simply interpolate same allegation for the balance 178 [about 73%] in order to make the demand. This is serious a flaw in the investigation process. Without doubt this action of the Revenue clearly vitiates the proceedings in respect of these 178 Invoices. Hence, we do not find any legal provision for confirmation of the demand of Rs.1,00,55,148. We allow the appeal to this extent.

17. Coming to the demand confirmed in respect of 32 Invoices, wherein statements have been recorded from the owners of the Vehicles. The appellant has a point on this issue. First of all only about 12 persons have recorded their statements, with 6 persons neither denying nor affirming the allegation. When the statement itself is recorded after about 1 to 5 years of the transaction, how far their statement can be relied on is doubtful. It is also on record that the appellant has sought cross-examination of many of the persons, which has not been granted by the Adjudicating authority for which he has come out with some justification. But Section 9D requires the recorded statement before the investigation officer to be once again reiterated before the Adjudicating authority for having been given without any coercion or force, before the same can be admitted as evidence. This has not been done in this case. Normally in such cases, we remand the matter to the Adjudicating authority to produce these persons for Cross-examination. However, in this case we find that the Statement itself was recorded much later in July to September 2013. Now asking the adjudicating authority to follow this procedure after another 11 years, will not serve any purpose, since the persons giving the statement are not from any Corporate or big companies. They were all vehicle owners and the ownership would changed several hands by now. Considering this aspect, we set aside the confirmed demand of Rs.18,69,286 and allow the appeal.

18. Coming to the confirmed demand on account of the information obtained from the Vahan Dept., we find that in some cases, they have stated that they have no information about the vehicle. In such a case, automatically, the Dept. cannot come to a conclusion that the vehicle in question could not have been used for delivery of the goods. Again in respect of the vehicles which are recorded as 'banned vehicles', the possibility of such vehicles still being used for delivery cannot be ruled out. This leaves out a few more cases where the vehicle numbers pertain to non-transport goods. There may be a possibility that such numbers are used by vehicle owners in order to avoid payment of Road and other taxes. But we cannot come to any definite conclusions.

………

22. We also find considerable force in the arguments of the appellant about the time bar aspect in this case. The appellant is an assessee with the Dept. They have been taking the Cenvat Credit and also filing their Returns. It is not the case of the Dept. that any private records have been recovered towards the cash transactions. The Dept. has not brought in any evidence to the effect that any suppression has taken place from the appellant's side. Hence, we hold that the confirmed demand for the extended period is legally sustainable on account of time bar. Hence, we allow the appeals even on account of limitation."

10.3. The Hon'ble High Court at Gujarat, in the case of Commissioner v. Motabhai Iron and Steel Industries [2015 (316) E.L.T. 374 (Guj.)] has held as under: -

"13. From the evidence on record, it appears that the above demands were based upon the statements of transporters or drivers of the trucks which were not corroborated by any evidence. Under the circumstances, the Tribunal was justified in holding that only on the basis of third party statements, such demand cannot be made. Moreover, as rightly pointed out by the Tribunal, no investigation has been conducted at consignors place or at the place where the said goods are alleged to have been supplied. Under the circumstances, it cannot be said the Tribunal has committed any error in deleting the aforesaid demands."

10.4. Further, in the case of Commissioner of Central Excise, Indore v. Mittal Appliances Ltd. [2017 (345) E.L.T. 283 (Tri. – Del.)], this Tribunal has made the following observations: -

"5. The reasons given by the Commissioner to drop the demand is summarized by him as below :

> *a. The show cause notice does not deny removal of goods from the factory of M/s. Indo Micro Nutrients and M/s. Inter Metal. Nothing has been brought on record to show as to what happened to the goods which are alleged to have not been transported in the trucks in question.*
>
> *b. It is further noticed that nothing objectionable has been mentioned in the*

panchnama of search dated 12-1-2007 at the factory premises of M/s. Inter Metal and M/s. Indo Micro Nutrients in respect of the stock of finished goods/inputs.

c. Nothing has been brought on record to show the place to which the goods were sent on payment of duty after removal from the factory of the supplier.

d. Further, the case records are silent on the points that when the trucks in question were not used for transportation then what were the vehicles in which the said goods were transported and to what destination.

e. No discrepancy in the stock of raw material or finished goods was noticed in the factory of M/s. MAL. Nothing has been brought on record to show as to how M/s. MAL produced their final products in the event of not having received the inputs in their factory.

f. It is noticed that M/s. MAL have paid the amount for the purchase of inputs to M/s. Indo Micro Nutrients and M/s. Inter Metal by crossed cheques/DDs. In the event of not having received any inputs, nothing has been brought on record to show as to what happened to the amount so paid by M/s. MAL.

g. M/s. Sujoy Transport Company which later became M/s. Saral Logistics Pvt. Ltd. had four offices. But the investigation did not go through the records of other offices other than located at Sagare Kuti Chauraha.

6. The appeal by Revenue relies on the submission of Shri Atlant Dwivedi proprietor of M/s. Sujay Transport Company. We find that the submission is based on records mentioned at one of his offices situated at Sagar Kuti Chauraha. The original authority has recorded that vehicles which transported the duty paid inputs were deployed by Shri Ravikant Dwivedi Director of M/s. Saral Logistics System Pvt. Ltd. from his office situated in Rama Chauraha. The question regarding the transportation of raw material has been discussed at length by the original authority (Paras 23, 24 of the impugned order).

7. Further, the original authority also recorded that the freight has been regularly paid on cash payment voucher which are acknowledged by the transporter. The list of such vouchers was also recorded in the impugned order. The original authority also examined certain discrepancies in the vehicle numbers.

8. We find no infirmity in the reasoning and conclusion of the impugned order. The investigation by the Revenue could not in any manner bring out the non-receipt of duty paid raw materials or the bogus nature of all the transactions. In the absence of such evidence, it will not be legally tenable to deny the credit based piece meal/sketchy evidence, without corroboration."

10.4.1. We observe that the above order in the case of Mittal Appliances Ltd. (supra) was challenged by the Revenue before the Hon'ble High Court of Madhya Pradesh reported in 2018 (12) G.S.T.L. 297 (M.P.) and the Hon'ble High Court observed as follows: -

"4. Considering the aforesaid, the Commissioner vide order dated 6-5-2010 dropped the demand. The order was assailed in appeal before the Learned Tribunal. On due consideration of the material evidence which has come on record the Tribunal came to the conclusion that no case is made out to reverse the findings recorded by the Commissioner and upheld the order and dismissed the appeal. Relevant Paragraph Nos. 4 to 6 reads as under :-

> *"4. The Cenvat credit availed by the appellant was sought to be denied mainly on the basis of certain irregularities alleged with reference to transportation and non-existence of evidence for transportation of duty paid inputs to the premises of the respondent. The dispute relates to 18 invoices. The respondent claims that these raw materials were actually cleared and received from M/s. Inter Metal Trade Ltd. and M/s. Indo Micro Nutrients Pvt. Ltd. of LRs covered by proper invoices. We have perused the impugned order carefully.*
>
> *5. The reasons given by the Commissioner to drop the demand is summarized by him as below :-*

a. The show cause notice does not deny removal of goods from the factory of M/s. Indo Micro Nutrients and M/s. Inter Metal. Nothing has been brought on record to show as to what happened to the goods which are alleged to have not been transported in the trucks in question.

b. It is further noticed that nothing objectionable has been mentioned in the panchnama of search dated 12-1-2007 at the factory premises of M/s. Inter Metal and M/s. Indo Micro Nutrients in respect of the stock of finished goods/inputs.

c. Nothing has been brought on record to show the place to which the goods were sent on payment of duty after removal from the factory of the supplier.

d. Further, the case records are silent on the points that when the trucks in question were not used for transportation then what were the vehicles in which the said goods were transported and to what destination.

e. No discrepancy in the stock of raw material or finished goods was noticed in the factory of M/s. MAL, Nothing has been brought on record to show as to how M/s. MAL produced their final products in the event of not having received the inputs in their factory.

f. It is noticed that M/s. MAL have paid the amount for the purchase of inputs to M/s. Indo Micro Nutrients and M/s. Inter Metal by crossed cheques/DDs. In the event of not having received any inputs, nothing has been brought on record to show as to what happened to the amount so paid by M/s. MAL.

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6. The appeal by Revenue relies on the submission of Shri Atlant Dwivedi Proprietor of M/s. Sujay Transport Company. We find that the submission is based on records mentioned at one of his offices situated at

Sagar Kuti Chauraha. The original authority has recorded that vehicles which transported the duty paid inputs were deployed by Shri Ravikant Dwivedi Director of M/s. Saral Logistics System Pvt. Ltd., from his office situated in Rama Chauraha. The question regarding the transportation of raw material has been discussed at length by the original authority (Paras 23, 24 of the impugned order).

5. On due consideration of the aforesaid so also the argument advanced by the Counsel for the parties, we are of the view that there is no material to reverse the findings of fact recorded by the CESTAT and Commissioner. No substantial question of law arises in this appeal."

11. Moreover, mere recording statements from transporters/vehicle owners, with regard to few invoices, cannot be the reason to deny the whole of the CENVAT Credit availed by the appellant-company. The Revenue has also failed to bring on record as to from where the appellant-company procured the inputs, as it is the claim of the appellants that the inputs procured by them have been used in the manufacture of their final products, which have finally suffered duty."

11.3. Respectfully following the aforesaid principle and having regard to the totality of the facts and circumstances of the present case, we are of the view that the case of the Revenue, on the basis of the said particulars obtained from the Vahan portal, is devoid of any merit. Accordingly, we hold that the said details, by themselves, cannot form the basis to arrive at the conclusion that the transactions were fake or that the appellants had engaged in fraudulent availment of CENVAT Credit, as done in this case. The above issue, therefore, is answered in favour of the appellants and against the Revenue.

12. In view of the foregoing discussion on the three issues framed hereinabove, namely, (i) the contemporaneous facts and documentary evidence available on record, (ii) the evidentiary value of the statements recorded during investigation, and (iii) the limited probative worth of the vehicle particulars obtained from the Vahan portal, we are of the considered opinion that the Revenue has failed to establish, by cogent, credible and legally admissible evidence, that the appellants had engaged in fraudulent availment of CENVAT Credit without actual receipt of the inputs or that the transactions in question were mere paper transactions. The entire basis on which the impugned demand rests is therefore found to be legally untenable. Consequently, the appellants succeed on merits.

13. Even otherwise, we find considerable merit in the alternative plea advanced by the appellants that the entire proceedings are barred by limitation. It has consistently been their stand that the availment of the disputed CENVAT Credit was never concealed from the Department but stood duly reflected in the statutory ER-1 Returns, the books of account, stock registers and other contemporaneous records maintained in the ordinary course of business. We also find that the appellant has placed on record substantial documentary evidence including invoices, invoice-wise purchase details, party ledger, stock summary, and official ST-3 returns to conclusively prove the payment of central excise duty as well as Service Tax under reverse charge mechanism. The appellants have further asserted that their records were subjected to scrutiny by the Departmental Audit/CERA authorities during the relevant period, whereupon no objection was raised in respect of the availment of the

impugned credit. These factual assertions have not been effectively displaced by the Revenue through any tangible material.

13.1. Moreover, save and except the circumstances already discussed hereinabove, the Revenue has failed to adduce any independent, cogent or affirmative evidence capable of establishing fraud, collusion, wilful misstatement or suppression of material facts with intent to evade payment of duty, which alone could have justified recourse to the extended period contemplated under the proviso to Section 11A(4) of the Central Excise Act, 1944. Mere allegations, howsoever emphatic, cannot substitute the statutory burden resting upon the Department to establish the existence of the jurisdictional facts necessary for invoking the extended period of limitation. Such burden, in our considered view, has remained wholly undischarged in the facts of the present case.

13.2. In that view of the matter, we are of the view that the Show Cause Notice dated 20.06.2017, insofar as it seeks to raise demands pertaining to the period from July, 2014 to February, 2015, having admittedly been issued beyond the normal period of limitation prescribed under the statute, cannot be sustained on the ground of limitation as well. The demands emanating therefrom are thus liable to be set aside on this count. The appellant therefore succeeds on the ground of limitation as well.

14. In view of the foregoing discussions and findings, we hold that the denial of CENVAT Credit to M/s. C.P. Re-Rollers Ltd. is unsustainable in law and on facts. Consequently, the demand arising on account of such denial, together with the consequential interest, is liable to be, and is hereby, set aside. The penalties imposed upon M/s. C.P. Re-Rollers Ltd. under Section 11AC of the Central Excise Act, 1944 and upon Shri Arun Jhunjhunwala under Rule 26 of the Central Excise Rules, 2002, being consequential in nature, cannot survive independently and are accordingly stand set aside.

15. The impugned order is modified to the aforesaid extent.

16. The appeals are allowed, with consequential reliefs, if any, in accordance with law.

(Order pronounced in the open court on **06.08.2026**)

Sd/-
(R. MURALIDHAR)
MEMBER (JUDICIAL)

Sd/-
(K. ANPAZHAKAN)
MEMBER (TECHNICAL)

Sdd