IN THE CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL, WEST ZONAL BENCH AT MUMBAI

COURT No. I

Appeal No. E/85152/2018

(Arising out of Order-in-Original No. P-II/Bhosari-I/AC/25/2016-17 dated 15.03.2017 passed by Commissioner of Central Excise, Pune I)

Amphenol Interconnect India Pvt. Ltd. **Appellant**

Vs.

Commissioner of Central Excise Pune **Respondent**

Appearance:

Shri S. Narayanan, Advocate for appellant
Shri S.J. Sahu, Asst. Commr (AR) for respondent

CORAM:

Hon'ble Mr. S.K. Mohanty, Member (Judicial)

Date of Hearing & Decision:14.05.2018

FINAL ORDER NO. A/86919/2018

Per: S.K. Mohanty

Heard both sides.

2. Availment of CENVAT Credit of service tax paid on GTA service for transportation of chemical sludge from the factory of the appellant is the subject matter of dispute in this appeal. The authorities below had denied CENVAT Credit on such service,

holding that availment of such credit is confirming to the definition of input service, contained in Rule 2(l) of the Cenvat Credit Rules, 2004.

3. The fact is not in dispute that chemical sludge arising out of manufacturing process is a hazardous waste and its disposal / removal from the factory is not only required for smooth and hassle free manufacturing operations, but also for complying with the requirement of statutory pollution control norms. Therefore, the service tax paid for transportation of such waste material should be considered as input service, for the purpose of availment of Cenvat benefit. Considering the necessity of use of amonia in effluent treatment plant, the Hon'ble Supreme Court in the case of *Indian Farmers Fertiliser Coop. Ltd. v. Commissioner of Central Excise – 1996 (86) ELT 177 (S.C.), have extended the benefit of exemption to such product, observing as under:-*

> *"9. That leaves us to consider whether the raw naphtha used to produce the ammonia which is used in the effluent treatment plant is eligible for the said exemption. It is too late in the day to take the view that the treatment of effluents from a plant is not an essential and integral part of the process of manufacture in the plant. The emphasis that has rightly been laid in recent years upon the environment and pollution control requires that all plants which emit effluents should be so equipped as to rid the effluents of dangerous*

properties. The apparatus used for such treatment of effluents in a plant manufacturing a particular end-product is part and parcel of the manufacturing process of that end-product. The ammonia used in the treatment of effluents from the urea plant of the appellants has, therefore, to be held to be used in the manufacture of urea and the raw naphtha used in the manufacture of such ammonia to be entitled to the said exemption."

4. In view of above, I do not find any merits in the impugned order. Accordingly, after setting aside the same, the appeal is allowed in favour of the appellant.

(Order dictated in Court)

(S.K. Mohanty)
Member (Judicial)

nsk