CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
MUMBAI

REGIONAL BENCH, COURT NO. - I

Excise Appeal No. 87222 of 2015

(Arising out of Order-in-Appeal No. CD/491 & 492/Bel/2015 dated 22.05.2015 passed by the Commissioner of Central Excise (Appeals), Mumbai Zone-II.)

M/s. Syndicate Wiper Systems Pvt. Ltd. ....Appellant
Plot No. A/416, TTC Industrial Area,
MIDC, Mahape, Navi Mumbai – 400 701

VERSUS

Commissioner of CGST & Central Excise, Belapur ....Respondent
1st Floor C.G.O. Complex,
C.B.D. Belapur, Navi Mumbai – 400 614

WITH

(i) Excise Appeal No. 87223 of 2015 (M/s. Syndicate Wiper Systems Pvt. Ltd.);
(ii) Excise Appeal No. 87224 of 2015 (M/s. Syndicate Wiper Systems Pvt. Ltd.);
(iii) Excise Appeal No. 87225 of 2015 (M/s. Syndicate Wiper Systems Pvt. Ltd.);
(iv) Excise Appeal No. 87226 of 2015 (M/s. Syndicate Wiper Systems Pvt. Ltd.);
(v) Excise Appeal No. 87227 of 2015 (M/s. Syndicate Wiper Systems Pvt. Ltd.)

(Arising out of Order-in-Appeal No. CD/491 & 492/Bel/2015 dated 22.05.2015 passed by the Commissioner of Central Excise (Appeals), Mumbai Zone-II.)

APPERANCE:

Shri S.A. Gundecha, Advocate for the Appellants

Shri Dinesh Nanal, Authorised Representative for the Respondent

CORAM:

HON'BLE SHRI S.K. MOHANTY, MEMBER (JUDICIAL)
HON'BLE SHRI M.M. PARTHIBAN, MEMBER (TECHNICAL)

FINAL ORDER NO. A/85940-85945/2025

Date of Hearing: 08.04.2025
Date of Decision: 08.04.2025

PER: S.K. MOHANTY

These appeals are directed against the Order-in-Appeal No. CD/491 & 492/Bel/2015 dated 22.05.2015 (for short, referred to as 'the impugned order') passed by the Commissioner of Central Excise (Appeals), Mumbai Zone-II.

2. Briefly stated, the facts of the case are that the appellants M/s Syndicate Wiper Systems Pvt. Ltd., are engaged in the manufacture of Wiper Systems and Blade Assembly, Wiper Assembly, Rod, Oil Level Gauges and other parts thereof, falling under Chapters 85 and 87 of the First Schedule to the Central Excise Tariff Act, 1985. During the disputed period, the appellants' factory located at Mahape, Navi Mumbai had sent the wiper parts to their other units located at Pawane, New Nandu and Chennai factory for further manufacture of the wiper systems. For the purpose of sending the wiper parts, the appellants had adopted the value under Rule 8 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000. On the basis of Cost Accounting Standard (CAS-4) method, the appellants had discharged the duty liability in respect of the wiper parts supplied to their other units. However, the department did not accept the valuation method adopted by the appellants. The Department had contended that the CAS-4 certificate issued by the Cost Accountant firm is not in consonance with the accounting principles inasmuch as, for preparation of such certificate, the figures reflected in the profit and loss account and in the Balance Sheet should have been considered. On the basis of such understanding, show-cause proceedings were initiated against the appellants, which were culminated into the adjudication order dated 30.06.2014, wherein the original authority had confirmed the proposals made in the show-cause notice. On appeal against the adjudication order dated 30.06.2014, learned Commissioner (Appeals) has upheld the said order and rejected the appeals filed by the appellants. Feeling aggrieved with the impugned order dated 22.05.2015, the appellants have preferred these appeals before the Tribunal.

3. Heard both sides and examined the case records.

4. In the present case, the appellants had determined the value by taking recourse to Rule 8 of the Valuation Rules, 2000. Since the wiper parts were used by the appellants for further manufacture of wipers in their other units, in our considered view, adoption of the value under Rule 8 of Valuation Rules, 2000 is correct and justified. The Department

had also not objected to the value adopted by the appellant. The Department had not considered the CAS-4 certificates submitted by the appellants on the ground that such certificates were prepared without considering the figures available in the profit and loss account and in the balance sheet. Insofar as the accounting records for captive consumption of goods is concerned, the CBEC vide Circular No. 692/8/2003-CX dated 13.02.2003 has clarified as under: -

" Subject:- Valuation of goods captively consumed.

I am directed to say that on introduction of Central Excise Valuation (Determination of Price of Excisable goods) Rules, 2000, w.e.f. 1.7.2000, it was clarified by the Board vide Circular No.354/81/2000-TRU dated 30.6.2000 (para 21) that for valuing goods which are captively consumed, the general principles of costing would be adopted for applying Rule 8. The Board has interacted with the Institute of Cost & Works Accountants of India (ICWAI) for developing costing standards for costing of captively consumed goods.

(2) The Institute of Cost & Works Accountants of India [ICWAI] has since developed the Cost Accounting Standards, CAS 2, 3 and 4, on capacity determination, overheads & cost of production for captive consumption, respectively, which were released by the Chairman, CBEC on 23.1.2003.

(3) It is, therefore, clarified that cost of production of captively consumed goods will henceforth be done strictly in accordance with CAS-4. Copies of CAS-4 may be obtained from the local Chapter of ICWAI.

(4) Board's Circular No.258/92/96-CX dated 30.10.96, may be deemed to be modified accordingly so far as it relates to determination of cost of production for captively consumed goods.

(5) This Circular may be brought to the notice of the field formations.

(6) Suitable Trade Notices may be issued for the benefit of the Trade."

5. On reading of the statutory provisions vis-à-vis the Circular dated 13.02.2003 issued by CBEC, it transpires that the value in respect of captively consumed goods can only be determined on the basis of CAS-4 records maintained by the assessee. Since Rule 8 of the Valuation Rules, 2000 provides for 110% of the cost of production for manufacture as the proper value, the goods actually used for captive consumption alone should be considered for the purpose of determination of the value and for that purpose, it has been mandated in the Circular dated 13.02.2003 that the CAS-4 records should suffice for the purpose. We are not in agreement with the observation made

by the Department that for the purpose of determination of value or for preparation of CAS-4 certificate, the figures have to be obtained from the profit and loss account or the balance sheet inasmuch as, such accounting records captures the entire activity of the appellants and not only confined to the goods, which were captively consumed for manufacture of the further goods or articles. Therefore, the order passed by the lower authorities in rejecting CAS-4 certificate issued by the practicing Cost Accountant cannot be sustained for the judicial scrutiny. Since the appellants had properly captured the cost of production with regard to manufacture of such goods, which were captively consumed for manufacture of the resultant final products in their other units, in our view, adoption of such valuation method is in conformity with the statutory provisions.

6. In view of the foregoing discussions, we do not find any merits in the impugned order, insofar as it has upheld confirmation of the adjudged demands. Therefore, the impugned order is set aside and the appeals are allowed in favour of the appellants.

(Dictated and pronounced in open court)

(S.K. MOHANTY)
MEMBER (JUDICIAL)

(M.M. PARTHIBAN)
MEMBER (TECHNICAL)

Sinha