CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL, MUMBAI

REGIONAL BENCH - COURT NO. I

Excise Appeal No. 88069 of 2017

(Arising out of Order-in-Appeal No. PUN-EXCUS-001-APP-0444/2017-18 dated 06.10.2017 passed by Commissioner (Appeals-I), Central Tax, Pune.)

Lenze Mechatronics Pvt. Ltd. **.... Appellant**
Gat No. 1898, Plot No. I-19,
Khed to Pabal Road, Khed City,
Pune – 410 505.

Versus

Commissioner of Central Excise & Service Tax, Pune-I **.... Respondent**
41/A, ICE House, Sassoon Road,
Opp. Wadia College,
Pune – 411 001.

APPEARANCE:

Shri R.S. Paranjape, Chartered Accountant for the Appellant

Shri A.K. Shrivastava, Authorized Representative for the Respondent

CORAM:

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

FINAL ORDER NO. A/85846/2026

Date of Hearing: 17.06.2026
Date of Decision: 17.06.2026

Per: S.K. MOHANTY

Heard both sides and perused the case records.

2. Brief facts of the case are that the appellant is engaged *inter alia*, in the manufacture of 'Static Converters' and 'Parts of electrical motors', falling under Chapter 85 of the First Schedule to the Central Excise Tariff Act, 1985. The appellant avails CENVAT Credit of Central Excise duty paid on the inputs and service tax paid on the input services. During the disputed period, the appellant had filed refund application under Rule 5 of the CENVAT Credit Rules, 2004 claiming refund of unutilized CENVAT balance available in the books of

accounts. Refund claim was filed on the ground that the finished goods manufactured by them were exported during the disputed period. The amount of refund claimed by the appellant was to the tune of Rs.10,96,832/-. However, the Department had allowed the refund benefit for an amount of Rs.4,90,890/-. Further, show-cause notice dated 18.07.2016 was issued by the Department seeking confirmation of inadmissible CENVAT Credit of Rs.99,42,178/-, which was irregularly availed by the appellant. The matter arising out of the SCN dated 18.07.2016 was adjudicated vide order dated 21.11.2016 by the Deputy Commissioner of Central Excise, Chakan-II Division by confirming the proposals made in the show-cause notice. On appeal against the said adjudication order dated 21.11.2016, the learned Commissioner (Appeals) vide the impugned order dated 06.10.2017 has modified the original order by setting aside the demand amounting to Rs.43,10,605/- confirmed therein. Feeling aggrieved with the impugned order, insofar as it has confirmed the balance demand of Rs.52,30,114/-, the appellant has preferred this appeal before the Tribunal.

3. The appellant has assailed the impugned order on the ground that while dealing with the refund application, proceedings cannot be initiated by the Department for denial of the CENVAT Credit, which was validly availed by the appellant. It was further contended that for recovery of the alleged irregular CENVAT Credit, the Department had not invoked the provisions of Rule 14 of the CENVAT Credit Rules, 2004.

4. We are in agreement with the submissions made by the appellant that at the time of taking CENVAT Credit by the appellant, no proceedings were initiated under Rule 14 of the Rules of 2004 for denial of alleged irregularly availed CENVAT Credit. Since the CENVAT Credit was availed by the appellant in their books of accounts and were available in their books, the same should be eligible for grant of refund, owing to the reason of exportation of the finished products. Therefore, we are of the considered opinion that the impugned order confirming the demand of CENVAT Credit of the Rs.52,30,157/- cannot be sustained. Further, we also find that out of the refund claim amounting to Rs.10,96,832/-, the Department has only considered Rs.4,90,890/-

for refund and had rejected the balance amount of Rs.6,05,942/- on the ground that irregular CENVAT Credit was availed by the appellant. In view of the fact that no proceedings were initiated under Rule 14 *ibid* for recovery of the irregularly availed CENVAT Credit, we are of the view that such denial of grant of refund of Rs. 6,05,942/- is incorrect, which should be available to the appellant. Therefore, the original authority is directed to sanction the balance amount of Rs.6,05,942/- as refund to the appellant under Rule 5 of the CENVAT Credit Rules.

5. In view of the forgoing discussions, the impugned order is set aside and the appeal is allowed by way of remand to the original authority for limited purpose of grant of refund of the balance amount of Rs.6,05,942/-.

(Dictated and pronounced in open court)

(S.K. Mohanty)
Member (Judicial)

(M.M. Parthiban)
Member (Technical)

Sinha