

**Customs, Excise & Service Tax Appellate Tribunal  
West Zonal Bench At Ahmedabad**

REGIONAL BENCH- COURT NO.3

**Excise Appeal No.11285 of 2013**  
Excise Misc. Application (CO) No. 12426 of 2013

(Arising out of OIA-56/2013/RAJ/CE/AK/COMMR-A/AHD dated 18/02/2013 passed by Commissioner of Central Excise, CUSTOMS (Adjudication)-RAJKOT)

**C.C.E. & S.T.-Rajkot**

Central Excise Bhavan,  
Race Course Ring Road...Income Tax Office,  
Rajkot, Gujarat-360001

**.....Appellant**

*VERSUS*

**Falcon Pumps Private Limited**

Survey No. 39/04, Vavdi Industrial Area,  
B/H, Hotel Krishna Park, Gondal Road, Vavdi,  
Rajkot, Gujarat

**.....Respondent**

**APPEARANCE:**

Shri Vijay G. Iyengar, Assistant Commissioner (AR) for the Appellant  
Shri P D Rachchh, Advocate for the Respondent

**CORAM: HON'BLE MEMBER (JUDICIAL), MR. RAMESH NAIR  
HON'BLE MEMBER (TECHNICAL), MR. C.L. MAHAR  
Final Order No. A/ 10376 /2023**

DATE OF HEARING: 14.02.2023  
DATE OF DECISION: 01.03.2023

**RAMESH NAIR**

The issue involved is that whether the appellant is entitle for cenvat credit in respect of after sale service provided during warranty period of the sale of the goods manufactured by the respondent.

02. Shri Vijay G. Iyengar, learned Assistant Commissioner (AR) appearing on behalf of the revenue reiterates the grounds of appeal. He submits that the service provided during warranty period is after removal of the goods from the factory therefore, the service is not provided in or in relation to the manufacture of excisable goods. He submits that as per rule 2(i), the only services which were provided up to the place of removal is cenvatable whereas, in the present case the service of after sales service in respect of the goods manufactured and sold by the respondent was provided after removal and sale of the pumps therefore, the cenvat credit is not admissible.

03. Shri P D Rachchh, learned counsel appearing on behalf of the respondent submits that the after sale service during warranty period is included in the term 'in or in relation to manufacture of excisable goods'. The value of such service has been included in the transaction value of the pumps sold by the respondent on which excise duty was discharged. He submits that in this fact firstly, the service was used in or in relation to manufacture of final product secondly, even if there is any demand, the service is clearly covered under the inclusion clause of service related to business activity therefore, on both the count the respondent are entitle for the cenvat credit. He placed reliance on the following judgments:-

- RAMALA SAHKARI CHINI MILLS LTD.- 2010 (260) ELT 321 (SC)
- RELIANCE INDUSTRIES LTD.- 2022 (260) ELT 457 (TRI.-LB)
- COCA COLA INDIA PVT. LTD.- 2009 (15) STR 657 (BOM)
- LEROY SOMER INDIA PVT. LTD.-2015 (39) STR 466 (TRI-LB)
- MAHINDRA & MAHINDRA LTD.- 2012 (28) STR 382 (TRI.-MUMBAI)
- PURVAM TRANSFORMERS (I) PVT. LTD.- 2009-TIOL 1337-CESTAT-AHM

04. We have carefully considered the submissions made by both the sides and perused the records. We find that the service on which the respondent have taken the cenvat credit is provided in the nature of Repair & Maintenance of the excisable goods i.e. pumps sold by the respondent during the warranty period. It is also observed that the policy of free servicing during warranty period is not under dispute. The respondent is not collecting the service charges from the customer which is the service during the warranty period is provided free of cost therefore, the cost of such service stand included in the transaction value of the excisable goods sold by the respondent. In this fact, the service charges stand included in the value of the manufacture of goods hence, it can be conveniently viewed that the activity of servicing during warranty period is in relation to the manufacture of final product. Moreover, the servicing during warranty period is a vital part of the business activity of the respondent.

4.1 We find that Rule 2(I) particularly in the inclusion clause covers the 'activities relating to business' therefore, the said service during warranty period also clearly falls under the category of 'activities relating to business'. This identical issue has been considered by this tribunal in the case of Leroy Somer India Pvt. Ltd (supra) wherein, the tribunal has passed the following order :-

*7. In this case the short issue involved is that whether the appellant is entitled to take Cenvat credit on repairs and maintenance services provided by the service provider on behalf of the appellant to the buyers during the period of warranty or not. As from the facts it is not the case of valuation, therefore, arguments advanced by the Id. AR is turned down. Further, find that there is a concrete decision on GTA service whether assessee is entitled to take Cenvat credit or not by the various High Courts and fortunately none of the Hon'ble High Court is jurisdictional High Court who have dealt the issue which is placed before me. Therefore, am not relying on the High Court's decision in the case of Vesuvius India Ltd., ABB Ltd. and Danke Products (supra). Moreover, the facts of those case are for availment of Cenvat credit on GTA services and issue before the Hon'ble High Court was that whether the services availed after transportation of goods after manufacturing is entitled to take Cenvat credit or not and whether Cenvat credit is available upto the place of removal or not. In this case, appellant has sold alternators under warranty. During the warranty period, appellant is duty bound to provide free services to the buyers of alternator. For that, appellant has appointed services providers. Therefore, services provided by the services provider is a condition of sell and covered by the definition of Rule 2 of the Cenvat Credit Rules, 2004 under any activity relating to the business. Admittedly, if appellant does not provide the services the customers is not able to do the business. Therefore, these services are apparently availed by the appellant as the activity relating to the business. Consequently, hold that appellant is entitled to take Cenvat credit on repairs and maintenance provided by services provider during the period of warranty on behalf of the appellant.*

05. As per our above discussions and decision referred above, we are of the clear view that the respondent are entitle for the cenvat credit on the service of Repair & Maintenance during warranty period accordingly, the impugned order is upheld. Revenue's appeal is dismissed. CO also stands disposed of.

(Pronounced in the open court on 01.03.2023 )

**(RAMESH NAIR)**  
**MEMBER (JUDICIAL)**

**(C.L. MAHAR)**  
**MEMBER (TECHNICAL)**