F.No. 195/13 /14-RA
195/15/14-RA

REGISTERED SPEED POST

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

Office of the Principal Commissioner RA and
Ex-Officio Additional Secretary to the Government of India
8th Floor, World Trade Centre, Cuffe Parade,
Mumbai- 400 005

F.No. 195/13 /14-RA
195/15/14-RA 1376

Date of Issue : 12/02/20

ORDER NO.130-131 /2020-CX (WZ) /ASRA/Mumbai DATED 03.02. 2020 OF THE GOVERNMENT OF INDIA PASSED BY SMT. SEEMA ARORA, PRINCIPAL COMMISSIONER & EX-OFFICIO ADDITIONAL SECRETARY TO THE GOVERNMENT OF INDIA, UNDER SECTION 35EE OF THE CENTRAL EXCISE ACT, 1944.

Applicant : M/s. Sun Pharmaceutical Industries Ltd., Mumbai.

Respondent : Commissioner, Central Excise, Raigad.

Subject : Revision Application filed under Section 35EE of the Central Excise Act, 1944 against Orders-in-Appeal No. SDK/190/RGD/2013-14 dated 30.09.2013 and SDK/194/RGD(R)/2013-14 dated 30.09.2013 passed by the Commissioner (Appeals) of Central Excise Mumbai-III,

ORDER

These revision applications are filed by M/s. Sun Pharmaceutical Industries Ltd., Mumbai against the Orders-in-Appeal Nos. passed by the Commissioner (Appeals) of Central Excise Mumbai -III with respect to orders-in-original passed by the Deputy Commissioner of Central Excise (Rebate), Raigad as detailed below :-

S. No.	RA No.	O-I-A No./Date
1.	195/13/14	No. SDK/190/RGD/2013-14 dated 30.09.2013
2.	195/15/14	No.SDK/194/RGD(R)/2013-14 dated30. 09. 2013

2. Brief facts of the case are that the applicants are merchant exporter, had filed one rebate claim for Rs.4,06,367/-(Rupees Four Lakh Six Thousand Three Hundred and Sixty Seven only) and nine rebate claims for Rs. 85,77,574/- (Rupees Eighty Five Lakh Seventy Seven Thousand Five Hundred and Seventy Four only) respectively under Rule 18 of the said Rules read with Notification No. 19/2004-C.E. (N.T.), dated 6-9-2004 for the duty paid on goods exported. The applicants have two units. One Export Oriented Unit and another domestic. They are adjacent units. Domestic unit procured raw materials and sent it for job work to EOU for manufacturing the goods. EOU obtained permission to do job work. Permission has been given to EOU unit subject to certain conditions that the finished goods have to be exported from EOU unit and cannot be taken back to DTA unit, etc. The applicants have exported goods from the EOU but duty is paid by the DTA unit. Later rebate was claimed for the duty paid on the goods exported. In both the cases covered vide Sr. Nos. (1) & (2), the adjudicating authority, vide Order In original Nos.326/12-13/DC(Rebate)/Raigad dated 29.04.2013 and 748/12-13/DC (Rebate), Raigad, dated 24.06.2013 resp. rejected the rebate claims on the grounds that no duty can be paid on the goods manufactured by EOU.

3. Being aggrieved by the said orders-in-original, both applicant filed appeals before Commissioner (Appeals). Commissioner (Appeals) decided both the cases in favour of department.

4. Being aggrieved with the impugned orders-in-appeal, the applicant has filed these revision applications under Section 35EE of Central Excise Act, 1944 before Central Government on the following grounds :-

4.1 Applicant states that Commissioner (Appeals) failed to interpret and understand the provisions pertaining to rebate claims and export made from the premises of job worker and seriously erred by issuing impugned Orders in appeal.

4.2 Commissioner (Appeals) failed to understand that while deciding this matter adjudicating authority need to decide the matter only on the ground of allegation made in the show cause notice but adjudicating authority has decided the matter raising another issues which were not at all part of the SCN. Hence, adjudicating authority has travelled beyond the show cause notice and therefore, orders-in-original passed by the adjudicating authority are not legal and not tenable in law and therefore, Commissioner (Appeals) Order upholding the order of the adjudicating authority needs to be set aside on this ground alone. Hence, impugned Order-in-Appeal passed by the Commissioner (Appeals) is non-speaking order and passed on pre-determined and hence, it needs to be set aside on this ground alone.

4.3 The Deputy Commissioner has passed the Orders in Original without giving sufficient time to prepare reply to the deficiency memo by hurriedly fixing the hearing on the same day of issuance of the deficiency memo, which is nothing but gross injustice and violation of natural justice to them. They had submitted all these facts in their appeal memo but no findings were recorded on the same. Hence Order in Appeal passed without recording proper findings needs to be set aside. They rely on following case laws in this regard.

- Uma Nath pandy 2009 (237) ELT 241 (SC),
- Kanugo Tubes (I) Ltd. 2001(129) ELT 690 (Tri.Mum),
- Surya Fine Chemicals 2003 (159) E.L.T. 487 (Tri. Chennai),
- Afloat Textiles (P) Ltd. 2007(215) E.L.T. 198 (Tri. Ahmd.),
- Intech 2003(152) E.L.T. 311 (Tri.- Ahmd.)

4.4 Without appreciating the facts, Commissioner (Appeals) has come to the conclusion that EOU has paid the duty and goods are manufactured by the EOU. Further Commissioner (Appeals) also blindly stated that the entire issue is jugglery & exploitation of situation, but could not produce any evidence against non-availability of above facts. It is important to

note that duty has been paid by DTA and without prejudice and time being assuming that goods have been manufactured by EOU, then department ought to issue the duty demand to the EOU since goods has been exported by DTA unit on their invoices and shipping bill. They acted in accordance with the law and did entire transaction as allowed by the law and after obtaining the permission from department. Since there was no legal restrictions on the transaction followed by the applicant, Commissioner (Appeals) has put forth the allegation of non-compliance of conditions of permission for job work given by jurisdictional Deputy Commissioner, which is procedural in nature. Some of the conditions of said permissions which are not valid as per law are required to be observed by the applicant and based on that, no substantial benefit of rebate on the goods exported by the applicant can be denied.

4.5 Commissioner (Appeals) contended that the applicant submitted evidence showing challans moving inputs from DTA unit to the EOU. But there is nothing on record that the DTA unit is doing any process on the goods manufactured by the EOU. By recording this statement, Commissioner (Appeals) has accepted that DTA unit has procured raw materials and under proper job work challans they have sent to the EOU for job work. Commissioner (Appeals) has failed to appreciate that there is no mandatory requirement of manufacturing process done by the DTA unit on the raw material sent to EOU for sub-contracting under Para 6.14(b) of the Foreign Trade Policy. Failure to appreciate the same, Orders-in-Appeal passed without going through the legal provisions; need to be set aside on this ground alone. Further, Commissioner (Appeals) has contended that conditions laid down in the impugned permission letters are to be strictly followed as they are laid down for certain purposes and to avoid fraud by availment of multiple benefits like Cenvat Credit, DEPB benefits, All Industry Rate of Drawback at the same time when the permission specifically deny such benefits. In this regard applicant states that some conditions laid down in the permission letter were not in accordance with the statutory provisions and imposing such arbitrary conditions contrary to legal provisions, cannot sustain and not tenable in law.

4.6 Further, Commissioner (Appeals) has referred the decision of the Hon'ble CESTAT, Mumbai in the matter of Vidharbha Cables v. Commissioner of C. EX., Nagpur - 2012 (275) E.L.T. 588 (Tri. - Mumbai). This decision has been reversed by the Hon'ble Bombay High Court in the matter of Commissioner of Central Excise, Nagpur v. Central Cables Pvt. Ltd. - 2013 (287) E.L.T. 56 (Bom.). Therefore, decision referred by

the Commissioner (Appeals) is not at all applicable in the present case. Further, Commissioner (Appeals) has also referred the decision of the CESTAT, Tribunal in the matter of Mahendra Chemicals v. Commissioner (ADJ.), C. EX., Ahmedabad - 2007 (208) E.L.T. 505 (Tri.-Ahmd.). This decision is also not applicable in present matter, as in the applicant's case DTA being principal manufacturer has rightly made duty payment and filed rebate claim for the same. There is no question of exemption and disclaiming the benefit of exemption in the present case. As EOU is not the manufacturer of the goods and goods were to be exported by DTA unit for which no such condition of "export should be done only on the basis of bond" exists. It can avail any of the two ways for export viz. export on basis of bond or export under claim of rebate. Accordingly, goods are exported under claim of rebate which is also mentioned on A.R.E. 1 return which is countersigned by the concerned officers of the Revenue. As such, provisions of Section 5A(1A) of Central Excise Act, 1944 and precedent confirmed in case of Mahendra Chemicals - 2007 (208) E.L.T. 505 (Tri.-Ahmd) are not applicable in the present case.

4.7 Commissioner (Appeals) has recorded that he has observed that the name of M/s. Sun Pharmaceuticals Inds. Ltd. 100% EOU A/c Panoli DTA Plot No. 5 Phase-I, GIDC Estate, Panoli-394115, Gujarat is mentioned at Sl. No. 2 of ARE-I. It proves that Commissioner (Appeals) has agreed that allegation made in the show cause notice that in the ARE-1, under the head particulars of the manufacturer of the goods and his Central Excise Registration No. it is mentioned as M/s. Sun Pharmaceutical Industries Ltd. 100% EOU, is wrong and applicant has rightly prepared and filed the documents. Deputy Commissioner has alleged that applicant has not mentioned on the ARE-1 and on invoices regarding the permission letter. Deputy Commissioner has failed to appreciate the fact that there is no such condition on the permission letter that permission granted by the Deputy Commissioner should be mentioned on the ARE-1 and on invoices nor there is such requirement in law. Further, applicant submits that, Deputy Commissioner has alleged that ARE-I and Invoices not showing separately two different identity of DTA unit and EOU. On the ARE-I applicant has mentioned such detail. Applicant submits that as given above applicant has mentioned registration no. of the DTA unit and name of the EOU as they have done job work on account of Panoli DTA Unit which is situated at above-mentioned address. Therefore, it shows as two different entities as DTA Unit and as EOU. On the invoices they have mentioned as Sun Pharmaceuticals Inds. Ltd. 100% EOU, A/c Panoli DTA, Panoli.

4.8 In the permission, it has been mentioned that no cenvat credit shall be taken on the inputs sent for job work to EOU. But there is no such restriction as mentioned in any provisions of law. Hence, no rebate shall be denied only based on said arbitrary conditions. They had objected the said invalid condition mentioned in the permission letter by way of their letter dated 04.06.2010. Thereafter, in subsequent permission letter dated 07.02.2012 (granted by the Deputy Commissioner, Ankaleshwar, the condition of barring DTA Unit to avail Cenvat Credit has been removed. Further, applicant states that as per Drawback schedule, drawback rates specified for the condition of availing cenvat credit facility and without availing cenvat credit facility is same i.e. 5.5%. Even this has nothing to do with the sanctioning of the rebate claim.

4.9 Commissioner (Appeals) has agreed that Invoices are rightly signed as required under Rule 11(1) of Central Excise Rules, 2004 by M/s. Sun Pharmaceutical Inds. Ltd. 100% EOU A/c Panoli DTA. On the invoices, they have mentioned as Sun Pharmaceuticals Inds. Ltd. 100% EOU A/c Panoli DTA, Panoli and the name of the EOU, as EOU has done job work on account of Panoli DTA unit. In this case also we can identify DTA unit and EOU as two distinct Identities.

Further, Hon'ble CESTAT, Bangalore in the matter of *Leela Scottish Lace Ltd.* v. *Commr. of Customs, Bangalore* - 2003 (159) E.L.T. 477 (Tri. - Bang.) held that :

EXIM - Third party exports - Ready-made garments manufactured by EOU from raw material supplied by a company in DTA who received the said garments on transhipment invoice of EOU but exported the same on invoices showing only their own name - Held that since raw material supplier was considered as manufacturer, they were not required to mention the name of EOU in the shipping bills and other documents and it was not a case of 'third party exports' - Para 2.34 of EXIM Policy 2002-07. [para 6(c)(i)]

4.10 Mere non-mentioning of the full address of the EOU on the invoices and on ARE-1 cannot come in way of allowing rebate claim. It is most rectifiable mistake which can be condoned. Applicant relies on the following case laws in support of their contentions :

- In Re : Bajaj Electricals Ltd. - 2012 (281) E.L.T. 146 (GOI)
- In Re : Dagger Forst Tools Ltd. - 2011 (271) E.L.T. 471 (GOI)
- In Re : Sanket Industries Ltd. - 2011 (268) E.L.T. 125 (GOI).

4.11 Commissioner (Appeals) has failed to take note of the very object behind legal provisions and the schemes introduced by the Government from time to time. The whole object behind these all schemes is to encourage the exporter. It is in accordance with WTO agreement that taxes cannot be exported in other country. All that has to be seen that whether duty was paid on exports and such goods on which duty has been paid are exported or not. Applicant submits that in view of the above explanation, it is clear that final goods manufactured by the EOU is a job work done by 100% EOU for DTA unit. Commissioner (Appeals) has not provided any proof in support of the contention that it is not a job work done by 100% EOU for DTA unit. Applicant further states that Domestic Unit of the applicant, in accordance with the permissions granted by the Deputy Commissioner has sent raw materials/processed materials to the job worker i.e. EOU for further processing and converting the same into the finished goods vide respective job work challans. Thereafter, according to Para 6.14 (b)(1) of FTP, EOU unit of the applicant has directly exported the finished goods from their premises. It can be checked from the ARE-1 issued by the EOU. It is undisputed fact that such goods so manufactured and cleared for exports against ARE-1 from the place of EOU, i.e. job worker have been recorded in Daily Stock Account maintained by DTA unit in accordance with Rule 10 of Central Excise Rules, 2002.

5. Personal hearing in this case held on 17.10.2019 was attended by Ms. Nidhi Nawal, Advocate on behalf of the applicant who reiterated the grounds of revision application. As regards Revision Application No. 195/13/14-RA the applicant vide letter No. SPIL/CEX/013/2019 dated 04.12.2019 informed that this case is identical to case file No. 195/15/14/RA, a personal hearing of which was attended by Ms. Nidhi Nawal, Advocate on 17.10.2019 who reiterated submissions made in the Revision application, explained the factual backgrounds of the case in detail and submitted relevant judicial pronouncement. The applicant requested that the above comments may please be recorded in lieu of Personal Hearing in respect of Revision Application No. 195/13/14-RA.

6. Government has carefully gone through the relevant case records/available in case files, oral & written submissions and perused the impugned order-in-original and order-in-appeal in respect of both the Revision Applications. The issues involved in

both these Revision Applications being common, they are taken up together and are disposed of vide this common order.

7. Government observes that M/s. Sun Pharmaceutical Industries Ltd. has two adjacent units, one working as 100% Exported-Oriented Unit (EOU) and other as DTA Unit. DTA unit procured raw materials and sent for job work to EOU. EOU obtained permission to do the job work. Permission has been given to EOU unit subject to certain conditions amongst others that the finished goods have to be exported from EOU unit and cannot be taken back to DTA unit, etc. The applicants have exported goods from the EOU but duty was paid by the DTA unit. Later on, rebate was claimed for the duty paid on the goods exported. In respect of both the cases the adjudicating authority, vide the impugned orders has rejected the rebate claims on the ground that no duty can be paid on the goods manufactured by EOU. On appeal being filed Commissioner (Appeals) upheld Orders in original passed by the adjudicating authority. Now, the applicant has filed these revision applications on grounds mentioned in Para 4 above.

8. Government observes that GOI has decided the identical issue of the applicant vide GOI Order Nos. 362-364/2014-CX, dated 26.11.2014, in case of Revision Application Nos. 195/533,640 & 690/2013-RA. In these cases also a DTA Unit sent the goods for job work to an EOU Unit and exported the resultant product from EOU premises after payment of duty by the DTA Unit. The job work permission was given by jurisdictional Deputy Commissioner of Central Excise subject to certain conditions vide same permission letters dated 26.04.2010 and 27.07.2011 as in the present cases. While allowing the Revision Applications filed by the applicant after examining the contents of permissions granted to the applicant in the light of various statutory provisions and submissions of the applicant, GOI in its Order Nos. Nos. 362-364/2014-CX, dated 26.11.2014 observed as under:-

> ***8.1*** *Government finds jurisdictional Deputy Commissioner of Central Excise, Ankleshwar allowing job work from DTA to EOU unit vide permission letters dated 26-4-2010 and 27-7-2011 subject to following conditions :*
>
> *1. The DTA unit shall be eligible for grant of drawback against duty suffered on their inputs which are processed by EOU unit for the manufacture of goods,*

which are exported. The DTA exporter is eligible for payment of Brand Rate of drawback against duty suffered on inputs, on submission of proof of duty.

2. No CENVAT credit shall be allowed to the DTA unit on the duty paid on inputs procured for DTA to job work manufacturing.

3. The finished goods has to be exported from the EOU itself and cannot be allowed to be taken back to the DTA Unit.

4. The export is not to be counted under the parameters of EOU schemes and no benefit would accrue to the EOU.

5. Shipping Bill to be filed in the name of DTA unit and the name of the EOU unit will also be mentioned on Shipping Bill as a job worker. Both units name and address to be mentioned on ARE-1 & invoice. ARE-1 shall be signed by both the parties.

6. No DEPB benefit shall be admissible either to EOU unit or to the DTA unit for such exports. Such exporters will not be allowed to claim all industry rate of drawback.

The first condition stipulates that DTA unit will be eligible for brand rate of drawback with regard to duty suffered on inputs. This condition nowhere debars the 'DTA exporter' from availing any rebate benefit of duty paid at final product if the same is otherwise admissible to DTA unit for such exports. This condition nowhere stipulates that rebate of duty paid at final stage on finished goods is not admissible. Hence, legitimate claim of rebate of duty paid at final stage cannot be held inadmissible by applying provision of Sr. No. (1) of the above said permission.

8.2 *The condition No. (2) stipulates that no cenvat credit can be allowed to DTA unit on the duty paid on inputs procured from DTA and supplied to EOU for job work. In these cases, it has been alleged that the DTA unit has availed cenvat credit of duty paid on inputs supplied to EOU for job work. Government finds in some cases, the applicant availed cenvat credit, which is clearly in violation of permission granted to them. Further, the applicants contended that condition of non-availment of cenvat credit of duty involved on inputs supplied for job work to EOU, imposed vide above said permissions is inconsistent with existing statutory provisions. Government finds that when the applicant supplied the goods to EOU for job work, subject to condition imposed on permission to do so, they cannot selectively choose or reject the provisions in their favour. However, the moot question remains that whether for such improper availment of cenvat credit of duty paid involved on inputs, the rebate of duty paid at final stage may be held inadmissible. In this regard, Government notes that if duty is paid from properly availed cenvat credit, then rebate of such duty cannot be held inadmissible. There is no allegation that duty on finished goods for which rebate has been claimed in impugned cases, has been paid from improperly availed cenvat credit. Further, there is different statutory provision for recovery of cenvat credit, if*

availed improperly. Hence, as discussed in this para above, the rebate of duty paid at final stage cannot be held inadmissible provided the same has been paid from properly availed cenvat credit. Similarly, in certain cases the applicant also availed benefit of DEPB, which is clearly in violation of condition No. (6) of the said letter. However, Government finds that there is no statutory bar on availing rebate of duty paid at final stage, if DEPB benefit is availed. Further, if DEPB benefit has been availed improperly there are different statutory provisions available for recovery of the same.

8.3 *Government now proceeds to examine the condition stipulated at Sr. Nos. (3) and (5) of the impugned permission letters. Condition No. (3) stipulates that finished goods has to be exported from the EOU itself. Government finds that this condition does not impose condition of requirement of export by EOU. Rather, it made it obligatory to export from EOU premises. This inference further finds force from condition stipulated at Sr. No. (5) of said permission letters, wherein, it has been provided in unambiguous term that shipping bill has to be filed in the name of DTA unit only and the name of EOU unit will also be mentioned as a job worker. When the shipping bill to be filed in the DTA unit and EOU name to be appeared as job work, then for all purposes, the DTA unit should be treated as exporter and not 'EOU' who is 'job worker'. Under such circumstances, the Government finds that going by the contents of impugned permission letters, it can be implied that the said permissions nowhere cast obligation that the goods were to be exported by EOU. Government finds that when the applicant supplied the goods to EOU for job work, subject to conditions imposed vide permission letters, they cannot selectively choose or reject the provisions in their favour to claim that contention of department regarding availement of Cenvat Credit is contrary to statutory position. The applicant when granted permission subject to certain conditions they were required to comply with such conditions. However, the moot question remains that whether for such improper availment of cenvat credit of duty paid on inputs, the rebate of duty paid at final stage may be held inadmissible. In this regard, Government notes that if rebate of duty paid from properly availed cenvat credit, then rebate of such duty cannot be held admissible. There is no allegation that duty on finished goods for which rebate has been claimed in impugned cases, has been paid from improperly availed cenvat credit. Further, there are different statutory provisions for recovery of Cenvat Credit, if availed improperly. Hence, the rebate of duty paid at final stage cannot be held inadmissible, provided the same has been paid from properly availed Cenvat Credit.*

8.4 *The above findings further find force from condition stipulated at Sr. No. (4) of the impugned permission letters. In para (4) it has been stipulated unambiguously that export is not covered under the parameter of export scheme EOU scheme and no benefit will accrue to the EOU. If the export is not to be made in scheme of EOU, then it is improper on the part of department to contend that provisions of Section 5A(1A) of Central Excise Act, 1944 read with Notification No. 29/2003, dated 31-3-2003 will be applicable in the impugned cases. Once, the impugned exports brought out the ambit of EOU scheme, the same cannot be applied to deny benefit of rebate by stating that the impugned export was*

required to be carried out by EOU. The contentions of department are therefore, in total contradiction to conditions of permission granted to the EOU unit for job work and hence, can't be held sustainable.

9. *Government observes that the department has contended that address and name of manufacturing unit is not appearing in excise and export documents. After going through contentions of applicants and sample perusal of documents, Government finds that the address appears in documents as "Sun Pharmaceuticals Inds. Ltd. 100% EOU A/c Panoli DTA". As such, two distinct entities are clearly mentioned in the said address by writing word "A/c". Further, there is no allegation by department, duly supported by substantial documentary evidences that goods manufactured by EOU as job worker has not been exported after payment of duty by DTA. As such, substantial conditions of export of duty paid goods stands established. Under such circumstances Government finds that if there is any procedural infractions in form of non-mentioning of full address of job worker, the same may be condoned in light of compliance of fulfilling of substantial conditions.*

10. *In this regard, Govt. further observes that rebate/drawback, etc., are export-oriented schemes. A merely technical interpretation of procedures, etc., is to be best avoided if the substantive fact of export having been made is not in doubt, a liberal interpretation is to be given in case of any technical lapse. In Suksha International v. UOI - 1989 (39) E.L.T. 503 (S.C.), the Hon'ble Supreme Court has observed that an interpretation unduly restricting the scope of beneficial provision is to be avoided so that it may not take away with one hand what the policy gives with the other. In the Union of India v. A. V. Narasimhalu - 1983 (13) E.L.T. 1534 (S.C.), the Apex Court also observed that the administrative authorities should instead of relying on technicalities, act in a manner consistent with the broader concept of justice. Similar observation was made by the Apex Court in the Formica India v. Collector of Central Excise - 1995 (77) E.L.T. 511 (S.C.) in observing that once a view is taken that the party would have been entitled to the benefit of the notification had they met with the requirement of the concerned rule, the proper course was to permit them to do so rather than denying to them the benefit on the technical grounds that the time when they could have done so, had elapsed. While drawing a distinction between a procedural condition of a technical nature and a substantive condition in interpreting statute similar view was also propounded by the Apex Court in Mangalore Chemicals and Fertilizers Ltd. v. Dy. Commissioner - 1991 (55) E.L.T. 437 (S.C.). In fact, as regards rebate specifically, it is now a title law that the procedural infraction of Notifications, circulars, etc., are to be condoned if exports have really taken place, and the law is settled now that substantive benefit cannot be denied for procedural lapses. Procedure has been prescribed to facilitate verification of substantive requirement. The core aspect or fundamental requirement for rebate is its manufacture and subsequent export. As long as this requirement is met other procedural deviations can be condoned. This view of condoning procedural infractions in favour of actual export having been established has been taken by tribunal / Govt. of India in a catena of orders, including Birla VXL Ltd. - 1998 (99) E.L.T. 387 (Tri.), Alfa Garments - 1996 (86)*

E.L.T. 600 (Tri.), T.I. Cycles - 1993 (66) E.L.T. 497 (Tri.), Atma Tube Products - 1998 (103) E.L.T. 270 (Tri.), Creative Mobus - 2003 (58) RLT 111 (GOI), Ikea Trading India Ltd. - 2003 (157) E.L.T. 359 (GOI) and a host of other decisions on this issue.

***11.** Government notes that applicant has violated some of the conditions of impugned permission letters and contended that such conditions are inconsistent with law. Government finds that the applicant, who started working under permissions with certain conditions, are required to follow such conditions. As discussed above, Government has held impugned rebate admissible in these cases by holding that violation of certain conditions of above said permission do not compulsorily debar benefit of rebate of duty paid at final stage and also by condoning procedural infraction, as the substantial conditions of export of duty paid goods stands complied with. However, the applicant cannot be allowed to commit such procedural lapses in regular and habitual manner. Hence, they are cautioned and directed to remain compliant to various statutory procedural requirement in future. Failing to do so, rebate claims may be held inadmissible in future for non-compliance of such procedural requirements.*

9. Government observes from para 11 of the GOI order mentioned above that though the GOI allowed the Revision Applications, the applicant was censured to be more careful to remain compliant to various statutory procedural requirements in future. However, Government observes that when the present Revision Applications were filed (in January 2014) by the applicant, the GOI Order Nos. 362-364/2014-CX, dated 26.11.2014, referred to above had not been passed/issued.

10. Government further observes that there was a condition in the permission letter dated 27.07.2011 that no CENVAT credit was to be allowed to DTA unit of duty paid on inputs procured for manufacture on job work basis. The primary objective of the jurisdictional authorities in laying down conditions was to ensure that no benefit accrues out of these exports to the EOU unit. As per the extant provisions of the statute and the rules, the DTA unit was clearly entitled to procure duty paid inputs, avail CENVAT credit thereon and send them for job work to the EOU. Therefore, the condition of not allowing CENVAT credit on inputs procured by the DTA unit is against the spirit of law. While the impetus of the conditions imposed is to ensure that the benefits available under the EOU scheme are not misused, they in effect are denying the DTA unit of legitimately due CENVAT credit and compelling them to opt for certain other benefits. Government is of the view that the conditions imposed by lower authorities cannot do away with a benefit which is otherwise freely available to

assessees. What the legislature has in its wisdom allowed freely to the trade cannot be taken away by the executive.

11. Moreover, Government observes that in the subsequent permission letter dated 07.02.2012 issued under same file No. viz. F.No. IV/Ank-III/Misc-Job Work/185/-9-10 by the same Deputy Commissioner, Central Excise, Division-III, the earlier condition No. 2 viz. ***"No Cenvat Credit shall be allowed to the DTA Unit on the duty paid on inputs procured for DTA to EOU job work manufacturing"*** was omitted. Further earlier condition No. 6 i.e. "***No DEPB benefit shall be admissible either to EOU unit or to the DTA unit for such exports. Such exporters will not be allowed to claim all industry rate of drawback*** **was** replaced by a condition "**no duty drawback/DEPB benefit shall be available to the EOU"** in subsequent permission letter dated 07.02.2012. Thus the subsequent permission letter dated 07.02.2012 issued by the same Divisional Deputy Commissioner, in a way, allowed Cenvat Credit as well as **duty drawback/DEPB benefit** to DTA unit. As such there is force in applicant's contention that some conditions laid down in the earlier permission letters were not in accordance with the statutory provisions and imposing such arbitrary conditions contrary to legal provisions, cannot sustain and are not tenable in law. Therefore, the Commissioner (Appeals) findings in impugned orders that conditions laid down in the impugned permission letters are to be strictly followed as they are laid down for certain purposes and to avoid fraud by availment of multiple benefits like Cenvat Credit, DEPB benefits, All Industry Rate of Drawback at the same time when the permission specifically deny such benefits, has been rendered ineffective. As regards other conditions such as non-mentioning of full address of job worker, these have already been condoned by the GOI vide its Order referred supra, treating them as procedural infractions in light of compliance of fulfilling of substantial condition of export of duty paid goods which also applies to present Revision Applications. The fact of the CENVAT credit being legitimately due to the applicant is not in dispute. Therefore, the utilization of such CENVAT credit for payment of duty on export goods cannot be found fault with. As a natural corollary, when the factum of export and the duty paid particulars are clear of doubt, the rebate of duty paid is admissible to the applicant.

12. In view of foregoing discussion and relying on Order Nos. Nos. 362-364/2014-CX, dated 26.11.2014, discussed in detail supra, Government sets aside Orders-in-Appeal No. SDK/190/RGD/2013-14 dated 30.09.2013 and SDK/194/RGD(R)/2013-12. dated 30.09.2013 passed by the Commissioner (Appeals) of Central Excise Mumbai-III.

13. Revision applications thus succeed in the above terms.

14. So, ordered.

(SEEMA ARORA)
Principal Commissioner & ex-Officio
Additional Secretary to Government of India.

ORDER No.130-131/2020-CX (WZ)/ASRA/Mumbai DATED 03.02.2020

To,

M/s Sun Pharmaceuticals Ltd.,
ACME Plaza, Andheri Kurla Road,
Andheri (East), Mumbai 400 059.

Copy to:

1. The Commissioner of CGST & CX, Belapur, CGO Complex, CBD Belapur, Navi Mumbai - 400 614
2. The Commissioner of CGST & CX (Appeals) Raigad, CGO Complex, CBD Belapur, Navi Mumbai - 400 614
3. The Deputy / Assistant Commissioner (Rebate), CGST & CX Belapur, CGO Complex, CBD Belapur, Navi Mumbai - 400 614.
4. Sr. P.S. to AS (RA), Mumbai
5. Guard file
6. Spare Copy.