

GIB/MD/Rupa & Co./13.08.2015/HC-143

High Court Category : Input Tax Credit

State : MADRAS

Order No.: GIB/MD/Rupa & Co./13.08.2015/HC-143

Name of Entry :

M/s. Rupa & Co. Limited Vs The Commissioner of Central Excise

Date : 13-08-2015

Breif Issue :

Fact & Issue of Case:

The appellant M/s. Rupa & Co. Limited is a manufacturer of cotton knitted garments and cotton knitted fabrics, falling under Sub-Heading Nos.6101.00 and 6002.92 respectively under the First Schedule to the Tariff Act, 1985.

The appellant had wrongly availed CENVAT credit on the stock declared on 1.4.2003 and utilized the same for payment of duty towards clearance of knitted garments manufactured by them, a show cause notice dated 8.7.2004 was issued. The appellant gave a reply on 29.7.2004.

Decision of Advance Ruling Authority :

Decision:

It was held that what is contained in finished product is only a quantity of all the inputs of the same weight as that of the finished product would presuppose that all manufacturing processes would never have an inherent loss in the process of manufacture. The expression 'inputs of such finished product' contained in finished products' cannot be looked at theoretically with its semantics. It has to be understood in the context of what a manufacturing process is.

If there is no dispute about the fact that every manufacturing process would automatically result in some kind of a loss such as evaporation, creation of by-products, etc., the total quantity of inputs that went into the making of the finished product represents the inputs of such products in entirety.