

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL**

**WEST ZONAL BENCH AT AHMEDABAD**

REGIONAL BENCH – COURT NO. 03

**SERVICE TAX Appeal No. 11138 of 2013-DB**

[Arising out of Order-in-Original/Appeal No PJ-436-VDR-II-2012-13 dated 12.02.2013 passed by Commissioner of Central Excise, Customs and Service Tax-VADODARA-II]

**Decorative Sleeves Pvt Ltd**

**...Appellant**

C-15, Sardar Industrial Estate,  
Ajwa Road,  
Vadodara  
Gujarat-390023

*VERSUS*

**C.C.E. & S.T.-Vadodara-ii**

**...Respondent**

1st Floor... Room No.101,  
New Central Excise Building,  
Vadodara,  
Gujarat-390023

**APPEARANCE:**

Shri Dhaval K Shah, Advocate for the Appellant  
Shri. Kalpesh P Shah, Assistant Commissioner (Authorized Representative) for the Respondent

**CORAM: HON'BLE MEMBER (JUDICIAL), MR. RAMESH NAIR  
HON'BLE MEMBER (TECHNICAL), MR. RAJU**

**FINAL ORDER NO. A/11118 / 2023**

DATE OF HEARING: 18.01.2023

DATE OF DECISION: 03.05.2023

**RAJU**

This appeal has been filed by M/s. Decorative Sleeves Pvt Ltd., against demand of Service Tax and imposition of penalties.

2. Learned Counsel for the appellant pointed out that the appellants are manufacturer registered under Central Excise. The appellants under took job work from three different parties. The job work involved printing on PVC films

supplied by their clients. The appellants collected job charges. He pointed out that revenue has sought to tax the receipt of the job work charges under the head of Business Auxiliary Service. He pointed out that in the case of M/s. Caprihans (India) Ltd.- 2006 (205) ELT 175(Tri.-Mumbai), Tribunal has held that printing of PVC film/ sheets amounts to manufacture under Section 2 (f) of Central Excise Act, 1944. The said judgment was challenged in the Hon'ble Apex Court. The said appeal was dismissed by Hon'ble Apex Court on the ground that an application for rectification of mistake was pending before Tribunal, as reported in 2007 (206) ELT A 117 (S.C). Learned Counsel pointed out that as per the decision of Tribunal in case of M/s. Caprihans (India) Ltd (supra), the process under taking by the appellant amounts to manufacture and therefore, the activities under taken by them is not covered in definition of Business Auxiliary Services. He pointed out that the activity of printing is exempt from the levy of Service Tax under Business Auxiliary Services in term of Notification 14/2004-ST. He pointed out that Notification 14/2004- ST dated 10.09.2004, has modified by Notification No. 19/2005-ST dated 07.06.2005 and Notification No. 19/2006-ST dated 25.04.2006. The activity under taking by the appellant is exempt. He pointed out that they are engaged in printing activity. He further pointed out that extended period has been invoked in the instant case. He pointed out that all transactions of job work are recorded in their books of account.

3. Learned AR relied on the impugned order.

4. We have considered rival submissions. We find that Notification No. 14/2004-ST reads as under:

***"Service tax exemption to specified services in relation to Business auxiliary service***

*In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts taxable service provided to a client by a commercial*

concern in relation to the business auxiliary service, insofar as it relates to, -

(a) *procurement of goods or services, which are inputs for the client;*

**(b) production of goods on behalf of the client;**

(c) *provision of service on behalf of the client; or*

**(d) a service incidental or auxiliary to any activity specified in (a) to**

**(c) above.**

*from the whole of the service tax leviable thereon under section 66 of the said Finance Act: Provided that nothing in this notification shall apply to, -*

(i) *a factory registered under or governed by the Factories Act, 1948 (63 of 1948);*

(ii) *a company established by or under the Companies Act, 1956 (1 of 1956);*

(iii) *a partnership firm, whether registered or not registered;*

(iv) *a society registered under the Societies Registration Act, corresponding to that Act in force in any part of India;*

(v) *a co-operative society established by or under any law;*

(vi) *a corporation established by or under any law; or*

(vii) *a body corporate established by or under any law,*

*unless such factory, company, partnership firm, society, co-operative society, corporation or body corporate, as the case may be, provides any business auxiliary service in respect of any activity specified in (a) to (d) above in relation to agriculture, **printing**, textile processing or education.*

*[Notification No. 14/2004-S. T., dated 10-9-2004.]*

4.1 The said Notification exempts production of goods on behalf of client and any service incidental or ancillary to production of goods. In the instant case, it is not in dispute that the appellants are printing on PVC material supplied by their clients. Printing may or may not amount to manufacture, but it cannot be denied the activity of printing is an activity of production. In these circumstances benefit of Notification No. 14/2004-ST, as amended cannot be denied to the appellant.

4.2 It is notice that the impugned order holds that the activity of printing does not amount to manufacture and therefore, the appellants are not entitled to benefit of Notification No. 14/2004-ST. It is to be seen that the activity of

production of goods is different from the activity of manufacture. The notification not only covers the activity of production of goods but also any activity incidental or ancillary to production of goods. In this circumstances the activity of printing on PVC done by the appellant can be considered to be activity of production of goods.

5. Consequently, the impugned order is set aside, and appeal is allowed.

(Pronounced in the open Court on 03.05.2023)

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

**(RAJU)**  
**MEMBER (TECHNICAL)**

PALAK