$~
* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% ***Judgment reserved on: 11.08.2026***
Judgment pronounced on: 21.08.2026
Judgment uploaded on: 21.08.2026

\# **CNR No. DLHC010299932020**

\+ W.P.(C) 8723/2020, CM APPL. 28099/2020

M/S JINDAL LIFESTYLE LTD. .....Petitioner

Through: Mr. Yogendra Aldak, Mr. Kunal Kapoor, Mr. Yatharth Tripathi, Advs.

versus

UNION OF INDIA & ORS. .....Respondents

Through: Mr. Rajesh Kumar, SPC with Mr. Siddharth Shekhar, Mr. Yash Narain, Advs. for UOI.
Ms. Anushree Narain, SSC with Mr. Apurv Yadav, Mr. Naman Choula, Advs.

CORAM:
HON'BLE MR. JUSTICE ANIL KSHETARPAL
HON'BLE MS. JUSTICE MANMEET PRITAM SINGH ARORA

J U D G M E N T

ANIL KSHETARPAL, J.:

1. The present Writ Petition under Article 226 of the Constitution of India assails Final Order No.F-3640/CE/2020-SC(PB) dated 29.04.2020 [hereinafter referred to as 'Impugned Order'] passed by the Customs, Central Excise & Service Tax Settlement Commission, Principal Bench, New Delhi [hereinafter referred to as the 'Settlement Commission']. *Vide* the Impugned Order, the Settlement Commission declined to grant adjustment of Rs.31,93,569/- claimed by the Petitioner on account of reversal of Central Value Added Tax

('CENVAT') credit. The Petitioner also seeks consequential adjustment of the aforesaid amount against the duty liability.

2. The controversy arises in the context of the Petitioner's manufacturing activities during the period January 2005 to December 2005. The Petitioner had discontinued payment of Central Excise duty on Stainless-Steel Cladding and Railing on the belief that the activity did not amount to manufacture. The Petitioner subsequently admitted its liability and approached the Settlement Commission under the provisions of the Central Excise Act, 1944 [hereinafter referred to as 'the Act'].

3. The principal grievance of the Petitioner is that, pursuant to the directions of this Court dated 11.05.2010 in W.P.(C.) No.3652/2007, the Settlement Commission was required to examine the claim of reversal of CENVAT credit amounting to Rs.31,93,569/-. According to the Petitioner, instead of examining the material already placed on record, the Settlement Commission required production of further statutory records and invoices and thereafter rejected the claim.

<u>FACTUAL MATRIX:</u>

4. The facts, insofar as relevant for the present controversy, are briefly noticed hereinafter.

5. During the relevant period, the Petitioner had undertaken activities relating to manufacture of Stainless-Steel Cladding and Railing. Proceeding on the basis that such activities were not exigible to Central Excise duty, the Petitioner did not discharge the duty

liability for the period 15.01.2005 to 31.12.2005. It is stated that, during January 2005 to September 2005, the Petitioner made pro-rata reversal of CENVAT credit and, during October 2005 to December 2005, made reversal at the rate of 10% of the sale price in terms of Rule 6(3) of the CENVAT Credit Rules, 2004 [hereinafter referred to as 'CENVAT Rules']. The total reversal claimed was Rs.31,93,569/-.

6. The Petitioner thereafter approached the Settlement Commission and, in the course of the proceedings, claimed adjustment of the aforesaid amount against its duty liability. The Settlement Commission had earlier passed an order which came to be challenged before this Court. *Vide* judgment dated 11.05.2010, this Court noticed that material had been placed by the Petitioner in support of its claim and directed the Settlement Commission to re-examine the claim relating to adjustment/reversal of CENVAT credit. The Court also observed that, if any further information was required, the Settlement Commission would be at liberty to call for the same from either party.

7. Upon remand, the Settlement Commission called upon the Petitioner to furnish further documents, including copies of RG-23A Part II register, input invoices and other records for the relevant period. The Respondents contend that the Petitioner failed to furnish the requisite documents for the entire period and that the documents placed on record, including the ER-1 returns and correlation sheet, were insufficient to establish the correctness of the reversal claimed.

8. The Petitioner, on the other hand, contends that the ER-1 returns, RG-23A records, sales working sheets and correlation statement

already furnished were sufficient to establish the reversal. It is further contended that the admissibility of the CENVAT credit was never in dispute and that the Settlement Commission, by requiring documents for establishing admissibility of the credit, travelled beyond the limited remit of the order dated 11.05.2010.

9. The Respondents dispute the aforesaid position. According to them, the entries in the ER-1 returns, by themselves, could not establish the correctness of the claimed reversal. It was necessary to correlate the entries with the corresponding statutory records and input invoices. The Respondents further contend that despite repeated opportunities, the Petitioner failed to furnish the requisite documents and therefore cannot assail the conclusion reached by the Settlement Commission.

10. In the aforesaid factual backdrop, the Settlement Commission, upon considering the material placed on record and the submissions advanced by the parties, proceeded to pass the Impugned Order rejecting the Petitioner’s claim for adjustment of the CENVAT credit reversal of Rs.31,93,569/-. The Petitioner has assailed the said conclusion in the present proceedings, giving rise to the contentions noticed hereinafter.

CONTENTIONS OF THE PARTIES:

11. Heard learned Counsel representing the Petitioner and learned Senior Standing Counsel representing the Respondents and, with their able assistance, perused the material placed on record.

12. Learned Counsel representing the Petitioner, while assailing the Impugned Order, has made the following submissions:

i. Impugned Order travels beyond the directions issued by this Court on 11.05.2010. *Vide* the said directions, this Court had directed examination of the reversal of CENVAT credit and not re-examination of the eligibility or admissibility of the credit itself.

ii. The Petitioner had furnished ER-1 returns, RG-23A Part II records, sales working sheets and a detailed correlation statement and the Settlement Commission failed to examine the material already available on record.

iii. The Department had never disputed the availment or reversal of the CENVAT credit during the relevant period and could not, after more than fifteen years, require the Petitioner to establish the admissibility of the credit afresh. Reliance was also placed upon the fact that the documents related to the year 2005 and were difficult to trace.

13. *Per contra*, learned Senior Standing Counsel representing the Respondents has made the following submissions:

i. The present Writ Petition seeks, in substance, an appellate re-appreciation of the findings recorded by the Settlement Commission. The Settlement Commission acted within the liberty granted by this Court to call for further information and that the Petitioner failed to produce the documents necessary to verify the claim.

ii. The Settlement Commission is a specialised statutory forum exercising discretionary jurisdiction and that its findings should not be interfered with merely because another view on the appreciation of evidence is possible. Reliance is placed upon the judgment of the Supreme Court in the case of ***Jyotendrasinhji v. S.I. Tripathi***[1], wherein the limited scope of judicial review of orders of the Settlement Commission has been reiterated.

14. No other submissions have been made by the learned Counsel representing the Petitioner and learned Senior Standing Counsel representing the Respondents.

ANALYSIS AND FINDINGS:

15. At the outset, the question which arises for consideration is the scope of interference by this Court with an order passed by the Settlement Commission in exercise of its statutory and discretionary jurisdiction.

16. In this regard, reliance has rightly been placed upon the judgment of the Supreme Court in ***Jyotendrasinhji*** *(supra)*, wherein the Supreme Court has delineated the narrow scope of judicial review. The said precedent has been further relied upon by the recent judgment of the Supreme Court in ***Kotak Mahindra Bank Limited v.***

[1] 1993 Supp (3) SCC 389

Commissioner of Income Tax, Bangalore & Ors.[2] In Paragraph No.10 of ***Kotak Mahindra***, the Supreme Court observed as under:

> *"10. We are fortified in our view by the judgment of this Court in Jyotendrasinhji v. S.I. Tripathi, 1993 Supp (3) SCC 389, wherein it was observed that* ***a Court, while exercising powers under Articles 32, 226 or 136 of the Constitution of India, as the case may be, may not interfere with an order of the Commission, passed in exercise of its discretionary powers, except on the ground that the order contravenes provisions of the Act or has caused prejudice to the opposite party. Interference may also be open on the grounds of fraud, bias or malice. Therefore, this Court has carved out a very narrow scope for judicial review of the Commission's orders, passed in the exercise of its discretionary powers.*** *Hence, we hold that sufficiency of the material and particulars placed before the Commission, based on which the Commission proceeded to grant immunity from prosecution and penalty as contemplated under Section 245H of the Act, are beyond the scope of judicial review, except under the circumstances set out in Jyotendrasinhji v. S.I. Tripathi (supra).*
>
> ***
>
> *13. Before parting with the record, we may add that having regard to* ***the legislative intent, frequent interference with the orders or proceedings of the Settlement Commission should be avoided.*** *We have already indicated the limited grounds on which an order or proceeding of the Settlement Commission can be judicially reviewed.* ***The High Court should not scrutinize an order or proceeding of a Settlement Commission as an appellate court.*** *Unsettling reasoned orders of the Settlement Commission may erode the confidence of the bonafide Assessees, thereby leading to multiplicity of litigation where settlement is possible. This larger picture has to be borne in mind."*
>
> **(Emphasis supplied.)**

17. The aforesaid principle is directly relevant to the controversy before us. The jurisdiction of this Court under Article 226 is undoubtedly wide. However, while examining an order of the Settlement Commission, this Court does not exercise appellate jurisdiction. The question is not whether the material placed before the Settlement Commission was sufficient in the opinion of this Court, but

---

[2] MANU/SC/1052/2023

whether the order suffers from such an infirmity as would warrant judicial interference within the narrow parameters recognised by law.

18. The Petitioner essentially invites this Court to examine whether the ER-1 returns, the correlation statement and the other documents placed before the Settlement Commission were sufficient to establish the reversal of CENVAT credit of Rs.31,93,569/-. The Respondents, however, contend that the material was incomplete and could not be verified in the absence of corresponding invoices and RG-23A Part II records for the entire period.

19. The aforesaid controversy essentially concerns the sufficiency, adequacy and evidentiary value of the material placed before the Settlement Commission. These are matters which fall within the domain of the Settlement Commission. The Settlement Commission considered the material placed before it and recorded a finding that the Petitioner had not furnished sufficient documentary evidence to substantiate the claim for adjustment. This Court, exercising writ jurisdiction, cannot undertake a re-appreciation of such material as if sitting in appeal over the Impugned Order.

20. The submission that the Settlement Commission exceeded the directions contained in the judgment dated 11.05.2010 also does not persuades this Court to interfere. The order of this Court required the Settlement Commission to re-examine the claim on the basis of the material already placed before it and expressly permitted the Settlement Commission, if it required any information, to call for the same from either party. The Respondents' case that the further

documents were sought for the purpose of verifying the correctness of the claim cannot, in the facts of the present case, be characterised as an exercise wholly outside the jurisdiction conferred by the order dated 11.05.2010.

21. The fact that the Settlement Commission required supporting statutory records, including RG-23A Part II registers and input invoices, cannot by itself establish that it acted beyond its jurisdiction. Whether such documents were necessary for proper verification of the claim, and whether the documents already furnished were sufficient, are matters relating to the appreciation of the material before the Settlement Commission.

22. Equally, the contention that the Department had not disputed the availment of credit during the relevant period does not furnish a ground for interference in writ jurisdiction. The Settlement Commission was required to determine the claim for adjustment of the amount of Rs.31,93,569/-. The question whether the documents placed before it sufficiently established such reversal was within its remit. This Court cannot substitute its own assessment of the evidentiary material for that of the Settlement Commission.

23. There is also no allegation of fraud, bias or *mala fides* against the Settlement Commission. Nor has any provision of the Act has been shown to have been contravened in the manner contemplated by the settled principles governing judicial review of orders of the Settlement Commission. The grievance of the Petitioner, at its highest, is that the Settlement Commission should have accepted and acted

upon the material produced by it. Such a grievance does not fall within the narrow scope of judicial review.

24. Pertinently, as noticed hereinabove, the Supreme Court has further cautioned that frequent interference with orders or proceedings of the Settlement Commission ought to be avoided and that the High Court should not scrutinise such orders as an appellate court. The reason is particularly compelling in the context of settlement proceedings, where the statutory scheme contemplates finality and seeks to bring litigation to an end.

25. In the present case, the Impugned Order is a reasoned order. The Settlement Commission has considered the rival submissions and has recorded its conclusion that the documents furnished by the Petitioner were not sufficient to establish the claim. Whether that conclusion was the best possible appreciation of the evidence is not the question before this Court. The question is whether the conclusion is so legally infirm as to warrant interference under Article 226. In the considered view of this Court, it is not the case herein.

26. The reliance placed by the Petitioner upon the absence of an appellate remedy against the order of the Settlement Commission does not enlarge the scope of judicial review. The absence of an appeal may make the remedy under Article 226 available in an appropriate case, but the exercise of such jurisdiction remains subject to the well-settled limitations governing judicial review of orders passed by specialised statutory bodies, particularly the Settlement Commission.

27. This Court, therefore, finds no ground to interfere with the Impugned Order dated 29.04.2020. The challenge raised by the Petitioner essentially seeks re-appreciation of the material and substitution of the view taken by the Settlement Commission with a view which the Petitioner considers more appropriate. Such exercise is impermissible in the limited jurisdiction of judicial review recognised in relation to orders of the Settlement Commission.

CONCLUSION:

28. For the reasons aforesaid, the present Writ Petition is dismissed. The Impugned Final Order No.F-3640/CE/2020-SC(PB) dated 29.04.2020 passed by the Customs, Central Excise & Service Tax Settlement Commission, Principal Bench, New Delhi, calls for no interference in exercise of the Writ jurisdiction of this Court.

29. The relief sought by the Petitioner for adjustment of Rs.31,93,569/- against the duty demand is consequently declined.

30. The pending application also stands closed.

ANIL KSHETARPAL, J.

MANMEET PRITAM SINGH ARORA, J.

AUGUST 21, 2026
s.godara/shah