# CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL HYDERABAD

Division Bench - Court No. – I

## Service Tax Appeal No. 2611 of 2010

(Arising out of Order-in-Appeal No.91 & 92/2010 (H-IV) S.Tax dt.31.08.2010 passed by Commissioner of Customs, Central Excise & Service Tax (Appeals-II), Hyderabad)

**M/s Classic Compressors**
5-35/3A, Plot No.3, Prasanthi Nagar,
Kukatpally, Hyderabad – 500 072

**......Appellant**

*VERSUS*

**Commissioner of Central Tax**
**Medchal - GST**
Posnett Bhawan, Tilak Road, Ramkoti,
Hyderabad, Telangana – 500 001

**……Respondent**

***AND***

## Service Tax Appeal No. 2612 of 2010

(Arising out of Order-in-Appeal No.91 & 92/2010 (H-IV) S.Tax dt.31.08.2010 passed by Commissioner of Customs, Central Excise & Service Tax (Appeals-II), Hyderabad)

**M/s Classic Compressors**
5-35/3A, Plot No.3, Prasanthi Nagar,
Kukatpally, Hyderabad – 500 072

**......Appellant**

*VERSUS*

**Commissioner of Central Tax**
**Medchal - GST**
Posnett Bhawan, Tilak Road, Ramkoti,
Hyderabad, Telangana – 500 001

**……Respondent**

**Appearance:-**

Shri B. Venugopal, Advocate for the Appellant.
Shri M. Anukathir Surya, AR for the Respondent.

**Coram:** **HON'BLE MR. A.K. JYOTISHI, MEMBER (TECHNICAL)**
**HON'BLE MR. ANGAD PRASAD, MEMBER (JUDICIAL)**

## FINAL ORDER No. A/30061-30062/2026

Date of Hearing: 28.01.2026
Date of Decision: 28.01.2026

**[Order per: A.K. JYOTISHI]**

The issue in these appeals filed by the appellant is whether the sale proceeds of waste oil and scrap arising out of repair services of compressors undertaken by the appellant can be added to the job charges received by the appellant towards the gross value of taxable services for payment of service tax or otherwise.

2. On this issue, in view of the conflicting judgments of the Coordinate Benches in the case of Shapoorji Pallonji & Co Ltd Vs CCE, Nagpur [2017 (49) STR 588 (Tri-Bom)] and S.B. Shellers Vs CCE, Meerut-II [2018 (12) TMI 258 – CESTAT Allahabad], the matter was heard and referred by the Division Bench to the Larger Bench vide Interim Order No. 11 & 12/2019 dt.06.02.2019. The Larger Bench, vide its Interim Order No. 7-8/2025 dt.17.12.2025, has held that the decision of the Tribunal in the Shapoorji Pallonji & Co Ltd (supra) lays down the correct law and the decision in the case of S.B. Shellers (supra) does not lay down the correct law. In view of the same, it has to be held that sale proceeds of waste oil and scrap arising out of repair services of compressors cannot be added to the job charges received by the appellant.

3. In view of the decision of the Larger Bench, the Order of the Commissioner (Appeals) cannot be sustained and is therefore, set aside.

4. Appeals allowed.

(Dictated and pronounced in the Open Court)

**(A.K. JYOTISHI)**
**MEMBER (TECHNICAL)**

**(ANGAD PRASAD)**
**MEMBER (JUDICIAL)**

Veda