IN THE CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL, KOLKATA

REGIONAL BENCH – COURT NO.2

Excise Appeal No. 75624 of 2017

(Arising out of Order-in-Appeal No.76/BOL/2016-17 dated 16.01.2017 passed by Commissioner of Central Excise, (Appeals-II) Kolkata)

M/s Calstar Sponge Ltd,
(Jamuria Industrial Area, Vill. +P.O-Ikra, Jamuria, Dist. Burdwan, W. B.)

Appellant

VERSUS

Commr. of CGST & Central Excise, Bolpur
(Nanoor, Chandidas Road, Sian, Bolpur, Dist. Birbhum, W.B.)

Respondent

APPEARANCE:

Mr. A. K. Manna, Authorized Representative for the Appellant
Mr. S. K. Jha, Authorized Representative for the Respondent

CORAM:
HON'BLE MR. R. MURALIDHAR, MEMBER (JUDICIAL)
HON'BLE MR. K. ANPAZHAKAN, MEMBER (TECHNICAL)

FINAL ORDER NO.77630/2025

Date of Hearing : 30th October 2025
Date of Decision : 30th October 2025

ORDER [PER R. MURALIDHAR]

The appellant has cleared their finished goods, Sponge Iron falling under CET 72031000 to their sister concern during the period 2009-10. On the ground that the appellant has not followed the value for such Sponge Iron based on the value adopted for independent buyers, the Show Cause Notice was issued demanding Rs. 69,751/- vide SCN dated 07/05/2012. After due process, the lower authorities have confirmed the demand.

2. The Learned Counsel submits that the goods have been cleared to sister concern only. The Excise Duty paid by the appellant is available as Cenvat Credit to the receiving unit. Therefore, there is no suppression on their part.

3. The Learned AR reiterates the finding of the lower authorities.

4. Heard both sides and perused the documents placed before us.

5. We find that the issue is in a very short compass. Admittedly, the clearance has been made to the appellant's own sister concern, wherein the goods are being used as inputs and hence the same are eligible for Cenvat Credit. Hence, this results in a Revenue neutral situation.

6. This Bench in the case of **Steel Authority of India Limited v. Commissioner of Central Excise & Service Tax, Ranchi-I, 2025 (3) TMI 565-CESTAT Kolkata,** has held as under :

> *"3. The appellant submits that the entire demand is not sustainable on the ground of revenue neutrality. The final product cleared from the Appellant's factory to their other units are used by the other factories in the manufacture of their dutiable finished products which are cleared by them on payment of applicable excise duty. The other factories of the Appellant are availing the credit of duty paid by the Appellant and utilizing the same for payment of duty on the final product cleared. Thus, the Appellant submits that the differential duty confirmed shall be available as credit to the Appellant's other factories/units. Hence, demand of differential duty is clearly revenue neutral.*
>
> *….*
>
> *6.1. We observe that the issue is no longer res integra, as this Tribunal has already decided this issue in the Appellant's own case* ***Steel Authority of India v. Commissioner of Central Excise & Service Tax, Ranchi I, vide Final Order No. 75435/2025 in Excise Appeal No. 75523 of 2016*** *pertaining to a different unit of the same assessee and concerning the same issue pertaining to valuation of inter-unit transfer of refractory material had held that no demand is sustainable since the issue is revenue neutral. The relevant paragraph of the said decision is extracted below for ready reference –*
>
> *…..*
>
> *6.3. In view of the above discussions and by relying upon the decisions cited supra we hold that the demand confirmed in the impugned order*

> *is not sustainable and accordingly, we set aside the same. Since the demand of duty is not sustained, the question of demanding interest and imposition of penalty does not arise."*

7. Following the ratio of this case, we set aside the impugned order on merits.

8. We have also observed that the appellant has cleared the goods on payment of Excise Duty and the present proceedings are only on account of the differential Excise Duty being demanded. The clearance has been reflected by them in their ER-1 Returns. Further, in a situation of revenue neutrality, no additional benefit could have accrued to the appellant. Therefore, we set aside the confirmed demand for the extended period on account of time-bar also.

9. In view of the foregoing, we set aside the impugned order and allow the appeal with consequential relief, if any, as per law.

(Dictated and pronounced in the open court.)

Sd/-
(K. Anpazhakan)
Member (Technical)

Sd/-
(R. Muralidhar)
Member (Judicial)

Pooja