IN THE CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
EASTERN ZONAL BENCH: KOLKATA

REGIONAL BENCH – COURT NO. 2

Excise Appeal No. 76353 of 2018

(Arising out of Order-in-Original No. 23/Central Excise/Pr. Commr/2018 dated 17.01.2018 passed by the Principal Commissioner, Central Goods & Service Tax & CX, Central Revenue Building, 5A, Main Road, Ranchi – 834 001)

M/s. Steel Authority of India Limited : Appellant
Bokaro Steel Plant,
Bokaro Steel City, District: Bokaro (Jharkhand) – 827 001

VERSUS

Pr. Commissioner of C.G.S.T. and Central Excise : Respondent
Central Revenue Building,
5A, Main Road, Ranchi – 834 001

AND

Excise Appeal No. 77588 of 2018

(Arising out of Order-in-Original No. 53/Central Excise/Pr. Commr/2018 dated 22.03.2018 passed by the Principal Commissioner, Central Goods & Service Tax & CX, Central Revenue Building, 5A, Main Road, Ranchi – 834 001)

M/s. Steel Authority of India Limited : Appellant
Bokaro Steel Plant,
Ispat Bhawan (Admin Building),
Sales & Indirect Taxes Section,
Bokaro Steel City, District: Bokaro (Jharkhand) – 827 001

VERSUS

Pr. Commissioner of C.G.S.T. and Central Excise : Respondent
Central Revenue Building,
5A, Main Road, Ranchi – 834 001

APPEARANCE:

Shri Rahul Tangri and Shri Vasudev A., both Advocates, for the Appellant(s)

Shri Debapriya Sue, Authorized Representative, for the Respondent

CORAM:

HON'BLE SHRI R. MURALIDHAR, MEMBER (JUDICIAL)
HON'BLE SHRI K. ANPAZHAKAN, MEMBER (TECHNICAL)

FINAL ORDER NOs. 77635-77636 / 2025

DATE OF HEARING / DECISION: 30.10.2025

ORDER: [PER SHRI K. ANPAZHAKAN]

1.1. Excise Appeal No. 76353 of 2018 has been filed against the Order-in-Original No.53/Central Excise/Pr. Commr./2018 dated 22.03.2018 passed by Ld. Commissioner of C.G.S.T. and Central Excise, Ranchi, wherein Central Excise duty amounting to Rs.2,40,56,183/- pertaining to the period from March 2008 to December 2012 has been confirmed, along with interest.

1.2. Excise Appeal No. 77588 of 2018 has been filed against the Order-in-Original No.23/Central Excise/Pr. Commr./2018 dated 17.01.2018 passed by Ld. Commissioner of C.G.S.T. and Central Excise, Ranchi, wherein Central Excise duty amounting to Rs.17,05,66,440/- pertaining to the period from January 2012 to March 2016 has been confirmed, along with interest.

1.3. As the issues involved in both these appeals are common, they are taken up together for decision by a common order.

2. The facts of the case are that M/s. Steel Authority of India Limited, Bokaro Steel Plant (hereinafter referred to as the 'appellant') is inter alia engaged in the manufacture of Steel products viz. Hot Rolled Coils, Hot Rolled Plates, Hot Rolled Sheets, Cold Rolled Coils, Cold Rolled Sheets, Tin Mill Black Plates and Galvanised Plain and Corrugated Sheets, falling under Chapter 72 and 73 of the Central Excise Tariff Act, 1985. During the period from March 2008 to March 2016, the Appellant utilized various iron and steel items such as MS Flats, Beams, Channel, Plates, Angle, MS Bar & Rods, Structures, Rounds, Fabrication of Steel Structure, Cover Plant, Tuyere Stock, Belt Conveyer etc., falling under Chapter 72 of the Central

Excise Tariff Act, 1985 ('impugned goods') for the purpose of fabrication of capital goods connected with the installation of Coupled Picking Line, Tandem Coil Mill, Hot Dip Galvanzing Line, Hot Metal Desulphurization Station, Gas Holder and Coke Oven Batteries in the factory premises of the appellant. Further, the appellant had also utilized various other parts and accessories which were required for erection and fabrication of the Plant & Machinery. Since the impugned goods were used for the purpose of erection and fabrication of capital goods, which are used for manufacture of final dutiable goods, the appellant availed CENVAT Credit on the same.

2.1. The said capital goods were installed in the premises of the appellant by various contractors, who had also engaged various subcontractors for supply of all mechanical and electrical equipment required for fabrication of the capital goods. The details of the main contractors, along with the capital goods installed and its usage are summarized below –

Contractor	**Capital Goods installed**	**Usage of the capital goods.**
M/s. Siemens Limited	(i) Coupled Pickling Line and Tandem Cold Mill (ii) Hot Dip Galvanizing Line	These machineries are used for production of steel by removing impurities, rolling the metal, and coating of the steel. The equipments supplied by the contractor for fabrication of such capital goods consists of Coil Charging Equipments, Pay Off Reel, and various kinds of Rolls, Coal Discharging System, Laser Welder, Electrical Equipment, Temper Mill etc.

M/s. Tata Projects	Hot Metal Desulphurization Station	It is used to remove sulphur from the hot metal.
M/s. Gillanders Arbuthnot & Co. Ltd.	Gas Holder (including Gas Duct Line)	Such system is used to transport gases, for example, the by-product gases, within the plant premises. Various items are required to set up the same, such as structural parts, pipes, valves, fitting, cable tray, isolation gas valve, booster fan, sheets, lighting fixtures, PVC control cable etc.
M/s. Mecon Limited	Coke Oven Batteries (re-building) along with Pollution Control Facilities	These are set of ovens when coal is heated in the absence of air to produce coke, which is required for manufacture of iron and steel products. To rebuild such capital goods, various items such as MS sheet, plates as wells as items such as ducts, chutes, etc. are used to comply with Pollution Control Requirements.
M/s. Zuberi Engineering Company, M/s. TRF Limited, and M/s. H.N. Singh Construction Company	Raw Material Handling System	The system consists of number of items such as gear box, fluid coupling, Gea Coupling, Brakes, Conveyor Belt, Pulley, Scrapper, Belt Weight Scale, Metal Detector, Suspended Magnales, Head Frame Structure, Tail Frame Structure, Driver Base Frame, Skirt Board, etc, and it is an integral part of the Raw Material Handling System in the plant of the Appellant.
M/s. TenovoSpA and M/s. Arcum Engineering Pvt. Ltd.	Roll Shop for Cold Rolling Mill	Such machine is used for processing hot-rolled steel coils to reduce their thickness, improve surface quality, and enhance mechanical properties such as strength and hardness.

2.2. The appellant utilized various items such as MS Flats, Beams, Channels, Plates, Angles, Rounds, Fabrication of steel structure, Cover Plate, Fabrication and Painting, Beam, Duct Structure, Ring, Steel Plate, Tuyere stock, Jig set erection, Technical Structures, etc., for fabrication and erection of the capital goods. It is also pertinent to note that since the appellant manufactures various iron and steel products, such items were also used captively for the erection and fabrication of capital goods, and the appellant availed CENVAT Credit on the inputs used for manufacture of such iron and steel items. Therefore, the appellant availed Cenvat credit on the impugned goods, treating them as 'inputs' under Rule 2(k) of the CENVAT Credit Rules, 2004, and duly disclosed the fact of availment of such credit in the ER-1 returns filed by them.

2.3. The Department conducted audit for the relevant period, and took the view that the appellant was not entitled to avail the CENVAT Credit on the goods used for manufacturing of capital goods, and its spares. The appellant's response was that they have availed the credit entitled to them as they were utilized for manufacturing of capital goods. The appellant had further stated that post the amendment to the definition of "inputs" w.e.f. 07.07.2009, they have not availed any CENVAT Credit on the structures which are not a part of capital goods.

2.4. The Department did not accept the reply given by the appellant to the audit objection. Consequently, the underlying Show Cause Notices were issued to the appellant proposing to deny the CENVAT Credit availed on the various items, which were used for the construction and fabrication of capital goods, by invoking the extended period of limitation.

2.5. On adjudication, the Ld. Principal Commissioner, vide the impugned Orders, confirmed the denial of CENVAT Credit on the following grounds:-

(i) The appellant has availed CENVAT Credit on the support structures of Plant and Machinery, which cannot be said to be components, spares and accessories, of capital goods, and thus CENVAT Credit is ineligible.

(ii) The Ld. Principal Commissioner relied on the decision in the case of *Vandana Global Limited v. CCE, Raipur – 2010 (253) E.L.T. (Tri. – LB.)* to hold that the goods used for constructing the foundation or support structure of capital goods, cannot be treated as spares, components or accessories of capital goods, as well as inputs.

2.6. Aggrieved by the disallowance of CENVAT Credit, the appellant has filed these appeals.

3. During the course of hearing, the appellant submitted that the impugned orders have confirmed the demand solely on the finding that the appellant has used the impugned iron and steel items such as MS Flats, Beam, Channel, Plates, Angle, MS Bar & Rods, structures, rounds, etc., for fabrication of steel structure, parts of structure etc., which cannot be considered as components, spares and accessories of machineries. Further, it has been pointed out that the impugned Orders have relied upon the decision of the Larger Bench of the Tribunal in the case of *Vandana Global Ltd. (supra)* to deny the credit. However, the appellant submitted that the said decision has been overruled by the Hon'ble Chhattisgarh High Court in *Vandana Global Ltd. Versus Commissioner of C. Ex. & Cus., Raipur [2018 (16) G.S.T.L. 462 (Chhattisgarh)].*

Thus, it is the case of the appellant that the entire basis of the impugned orders is legally untenable, as on date.

3.2. The appellant further submits that the issue involved in the instant appeals, i.e., denial of CENVAT Credit on various Iron and Steel items used for fabricating of capital goods and its structural parts/ accessories, etc., is a periodical issue and the Department had initiated proceedings for various periods in respect of various units of the appellant-company. It has been brought to our notice that in the appellant's own case, the CESTAT, Kolkata in the case of *M/s. Steel Authority of India Limited v. Commissioner of CGST & Central Excise, Bolpur [2024-VIL-02-CESTAT-KOL-CE]* has decided the issue in favour of the appellant company by holding that CENVAT Credit had been rightly availed on the MS Plates, which were used in the fabrication of capital goods.

3.3. The appellant also places their reliance on the decision of the Tribunal, Kolkata in the case of *M/s. Super Smelters Ltd. (Unit-III) v. Commissioner of Central Excise &Service Tax, Bolpur [2025 (9) TMI 478 – CESTAT Kolkata],* wherein, for the period from April 2012 to February 2015, the Tribunal has allowed the CENVAT Credit on HR Coils, MS Plates, Angles, Channels, Welding Electrodes, etc., which were used for the fabrication and erection of various structures for the support of capital goods and machineries.

3.4. Accordingly, the appellant prayed for setting aside the impugned orders and allowing the appeals filed by them.

4. The Ld. Authorized Representative of the Revenue reiterated the findings in the impugned order.

5. Heard both sides and perused the appeal documents.

6. We observe that the issue involved in the present appeals is whether the appellant is eligible to avail CENVAT Credit on the Iron and Steel items used for erection/ fabrication of capital goods. We find that the appellant utilized various items such as MS Flats, Beams, Channels, Plates, Angles, Rounds, Fabrications of steel structure, Cover Plates, Fabrications and Paintings, Duct Structures, Rings, Steel Plates, Tuyere stocks, Jig set erections, Technical Structures, etc., for fabrication and erection of the capital goods. Since the appellant manufactures various iron and steel products, such items were also used captively for the erection and fabrication of capital goods, and the appellant availed CENVAT Credit on the inputs used for manufacture of such iron and steel items. Therefore, we find that the appellant availed CENVAT Credit on the impugned goods by treating them as 'inputs' under Rule 2(k) of the CENVAT Credit Rules, 2004. We find that the Ld. Principal Commissioner has relied on the decision in the case of ***Vandana Global Ltd. v. Commissioner of C.Ex., Raipur [2010 (253) E.L.T. (Tri. – LB.)]*** to hold that the goods used for constructing the foundation or support structure of capital goods, cannot be treated as spares, components or accessories of capital goods, as well as inputs. Accordingly, he passed the impugned orders denying the CENVAT Credit availed by the appellant.

6.1. In this context, we note that the issue is no longer *res integra* as the decision of the Larger Bench of the Tribunal in *Vandana Global Ltd. (supra)* has been overruled by the Hon'ble Chhattisgarh High Court in ***Vandana Global Ltd. Versus Commissioner of C. Ex. & Cus., Raipur [2018 (16) G.S.T.L. 462 (Chhattisgarh)]***.

6.2. We also find that the same view has been taken by this Tribunal in appellant's own case as reported in ***2024-VIL-02-CESTAT-KOL-CE*** wherein it has been decided that CENVAT Credit had been rightly availed by the appellant on the MS Plates, which were used in the fabrication of capital goods. The relevant portion of the said decision is extracted below: -

> *"2. M/s Steel Authority of India Ltd. ('Appellant') is engaged in the business of manufacturing iron and steel products. During the underlying period, the Appellant cleared excisable goods manufactured by it on payment of excise duty leviable thereon, by utilizing CENVAT Credit of inputs, capital goods and input services in accordance with the CENVAT Credit Rules, 2004 ('CCR, 2004'). During this period, the Appellant procured various structural steel items (plates falling under Chapters 69, 72, 73, 84 and 85) as part of modernization of the plant as well as their existing unit. These 'plates' were used for fabrication of capital goods (mills, conveyors, belts, pipelines, storage tanks, coke oven, continuous casting plant, coke oven gas plant, pollution control equipment, storage tank, etc.) or parts, components, accessories thereof, to be used inside the plant premise for manufacturing excisable goods. Accordingly, the Appellant availed CENVAT Credit on such plates.*
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> *....*
>
> *13. As regards the remaining credit availed on goods falling under Chapters 72, 73 and 74, we observe that the Appellant has furnished a certificate from the Chartered Engineer certifying the end use of certain plates. We observe that the impugned order has erroneously held that the 'plates' are used in factory shed, construction of building foundation etc. and dismissed the CE certificate furnished by the*

Appellant. The CE certificate certifies the end use of such plates by the Appellant viz. plates were used as components, parts or accessories of Kiln, Milling Machine, Coke Oven Gas, Pollution Control Equipment, Storage Tank, Kiln, etc. We observe that the adjudicating authority has not given any valid reason for rejecting the CE certificate. ***Further, we observe that in this case the plates were not used as building materials for constructing factory shed, etc. They are used in construction of machinery, which are capital goods. Therefore, we hold that the credit on such plates cannot be denied.***

14. We observe that the impugned order has heavily relied upon the decision of the CESTAT, Larger Bench in case of ***Vandana Global Ltd. v. CCE, Raipur,*** *2010 (253) E.L.T. 440 (Tri. - LB) - 2010-VIL-28-CESTAT-DEL-CE-LB to hold that the Cenvat Credit not available on the plates which are used for fabrication of structures for support of capital goods since they become immovable property and thus, such support structures are neither parts nor accessories of capital goods.* ***However, we observe that the said decision has been reversed by the Hon'ble Chhattisgarh High Court in Vandana Global Ltd. v. CCE, Raipur, 2018 (16) G.S.T.L. 462 (Chhattisgarh). - 2017-VIL-660-CHG-CE In this decision it was held that goods used in fabrication of structures embedded to earth should be treated as 'inputs' for capital goods and Cenvat Credit cannot be denied. The term 'inputs' is defined under Rule 2(k) of the CCR, 2004. The said term has a wide coverage and practically includes all goods used in the manufacture of final products.*** *Reliance is placed on the decision of the Hon'ble High Court in the case of* ***Hindustan Zinc v. UoI,*** *2008 (228) ELT 517 (Raj.) - 2008-VIL-88-RAJ-CE wherein it has been categorically stated that where any particular process is integrally connected without which manufacturing is not viable, then the goods which are used therein will be eligible for availment of credit. The impugned order has relied upon Notification No. 16/2009-CE (NT) dated 7.7.2009 which amended explanation 2 to Rule 2(k) of the CCR, 2004 to specifically exclude angles, channels, TMT bards used for construction of factory and laying of foundation or making of structures for*

> *support of capital goods. In this regard, we find that the plates in question were not used for foundation, construction of factory or support structure.* ***Following the decision of the Hon'ble Chattisgarh High Court, we hold that the 'plates' are inputs for the capital goods and hence they are eligible for the credit availed on the 'plates' as 'inputs'. Accordingly, we hold that the demand confirmed in the impugned order is not sustainable. Since the demand itself is not sustainable, the question of demanding interest or imposing penalty does not arise."***
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> (Emphasis supplied)

6.3. A similar view has also been expressed by this Tribunal in the case of ***M/s. Super Smelters Ltd. (Unit-III) v. Commissioner of Central Excise &Service Tax, Bolpur [2025 (9) TMI 478 – CESTAT, Kolkata]***, wherein, for the period from April 2012 to February 2015, the CENVAT Credit availed on HR Coils, MS Plates, Angles, Channels, Welding Electrodes etc., which were used for the fabrication and erection of various structures for the support of capital goods and machineries, has been allowed. The relevant portion of the said decision is extracted below for ease of reference: –

> *"The appellant is manufacturer of Sponge Iron, MS Billets, SS Billets, Silico Manganese, etc. The appellant had availed Cenvat Credit on HR coils, MS Plates, Angles, Channels, Welding Rods. On the ground that these items do not qualify to be called as 'inputs' and welding electrodes are used in welding/jointing of various steel items and for fabrication and erection of various structures for the support of capital goods and machineries and are also used in the repair and maintenance of various equipment and machineries, a Show Cause cum demand Notice No. 15/COMMR/BOL/15, dated 22.04.2015 was issued towards inadmissible Cenvat Credit to the tune of Rs. 2,94,30,880/- for the period*

April 2012 to February 2015, Corrigendum/Addendum to Show Cause Notice was issued 06.03.2016 revising the demand to Rs. 3,03,23,553/-. The appellant submitted their detailed reply specifying the places wherein these goods were used in their manufacturing activity and towards fabrication of capital goods within their factory premises. ……

…..

9. In the present case, all the goods in question under various Annexures to the SCN are no doubt, not direct inputs for manufacture of the finished goods, but are required to be used for fabrication of capital goods, which in turn are being used for carrying out the manufacturing activity. From the above definitions prior and post 1.4.2011, it can be seen that in both the cases, the inputs used for fabrication or usage in respect of any capital goods, would also qualify for cenvat credit as 'inputs'. As a matter of fact after 1.4.2011, the situation is much more liberal. As long as the assessee is able to satisfy the condition that the goods in question has been used 'in the factory' of the 'final product', the cenvat credit cannot be denied. This would also include the goods which are used towards maintenance and repairs, since the usage is within the factory premises. In the present case, it is not the Revenue's case that the goods in question were not received by the appellant in their factory premises, or were not accounted for properly. The effect of the amended provisions is discussed by the Tribunal Delhi in the case of Prism Cement Ltd. vs. Commissioner of Central Excise and Service Tax, Jabalpur [2016 (338) E.L.T. 593 (Tri. - Del.)] as under:

..

15. We also find that the issue of cenvat eligibility for the like goods in question when they are used in the fabrication of the capital goods within the factory premises has been a subject matter of litigation, particularly in view of the Larger Bench's decision in the case of Vandana Global. Subsequently, the LB decision itself was set aside by the Chattisgarh High Court. The other High Courts and Tribunals have been consistently allowing the Cenvat Credit..."

6.4. Thus, by relying on the decisions cited supra, we hold that the appellant is eligible to avail CENVAT Credit in respect of the iron and steel items such as MS Flats, Beams, Channels, Plates, Angles, MS Bar & Rods, structures, rounds, etc., for fabrication of steel structure, parts of structure, etc. Accordingly, we do not find any merit in the impugned orders denying the CENVAT Credit to the appellant and hence, we set aside the same.

7. In the result, the appeals filed by the appellant are allowed, with consequential relief, if any, as per law.

(Operative part of the order was pronounced in open court)

Sd/-
(R. MURALIDHAR)
MEMBER (JUDICIAL)

Sd/-
(K. ANPAZHAKAN)
MEMBER (TECHNICAL)

Sdd