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

REGIONAL BENCH – COURT NO. 2

Service Tax Appeal No. 75304 of 2017

(Arising out of Order-in-Appeal No. 207/ST-II/KOL/2016-17 dated 17.11.2016 passed by the Commissioner of Central Excise (Appeals-II), Kolkata, Bamboo Villa, 3rd Floor, 169, A.J.C. Bose Road, Kolkata – 700 014)

M/s. IFB Industries Limited **: Appellant**
[Formerly known as "Walzen Steel India Private Limited"]
N.H.-2, Delhi Road, Bamuri,
Hooghly - 712 205

VERSUS

Commissioner of Service Tax **: Respondent**
Kendriya Utpad Shulk Bhawan, 3rd Floor,
180, Shantipally, Rajdanga Main Road,
Kolkata – 700 107

<u>APPEARANCE</u>:

Shri Joydeb Bhattacharya, Fellow Chartered Accountant (FCA),
For the Appellant

Shri Pabitra Halder, Authorized Representative,
For the Respondent

<u>CORAM</u>:

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

FINAL ORDER NO. 76199 / 2026

DATE OF HEARING / DECISION: 22.09.2026

ORDER: [PER SHRI R. MURALIDHAR]

The appellant is a manufacturer of Cold Rolled (CR) Steel Sheets and Strips. They have also undertaken job work on behalf of other manufacturers who were sending raw materials to them under the job work challans. The appellant, after undertaking the said job work, sent back the goods. During the course of the same, the appellant undertook processes such as slitting and recoiling of steel strips and conversion of HR Steel to CR Steel, before giving the same back to the principals.

2. Since the goods sent back to the clients/principals are used by the same for manufacture of their finished goods, on which appropriate excise duty is paid, the appellant has claimed Service Tax exemption under Notification No. 08/2005-S.T. dated 01.03.2005.

3. The Department issued a Show Cause Notice dated 21.10.2013 demanding Service Tax inter alia to the extent of Rs.59,580/- on the ground that the appellant has not brought in any evidence to the effect that their clients have paid excise duty on the goods sent back to them after undertaking job work; thereafter, the same came to be confirmed by the authorities below.

4. The Ld. Consultant appearing on behalf of the appellant submits that in view of the Notification No. 08/2005-S.T. dated 01.03.2005, the appellant is not required to pay any Service Tax. He therefore prays that the appeal be allowed.

5. The Ld. Authorized Representative of the Revenue reiterates the findings of the lower authorities.

6. Heard both the sides.

7. We are reproducing the contents of the relevant Notification No. 8/2005-S.T. dated 01.03.2005: -

> *"In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the Finance Act), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby* ***exempts the taxable service of production of goods on behalf of the client referred in sub-clause (v) of clause (19) of section 65 of the said Finance Act, from the whole of service tax***

> ***leviable thereon under section 66 of the said Finance Act**:*
>
> *Provided that the said exemption shall apply only in cases where such goods are produced using raw materials or semi-finished goods supplied by the client and goods so produced are returned back to the said client for use in or in relation to manufacture of any other goods falling under the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), as amended by the Central Excise Tariff (Amendment) Act, 2004 (5 of 2005), **on which appropriate duty of excise is payable.***
>
> *Explanation. - For the purposes of this notification, -*
>
> *(i) the expression "production of goods" means working upon raw materials or semi-finished goods so as to complete part or whole of production, subject to the condition that such production does not amount to "manufacture" within the meaning of clause (f) of section 2 of the Central Excise Act, 1944 (1 of 1944);*
>
> *(ii) "appropriate duty of excise" shall not include 'Nil' rate of duty or duty of excise wholly exempt."*
>
> [Emphasis supplied]

7.1. From the above Notification, we see that the words used therein are "on which appropriate duty of excise is payable". In case the Department's contentions were to be taken as correct, the words used would have been "on which appropriate duty of excise is paid"

8. On a factual basis also, we find that the clients, sending the goods to the appellant, are sending the same along with job work challans, for which they would have taken the requisite permission from the jurisdictional authorities. This itself shows that the clients are duty paying assessees.

9. Considering these facts, we set aside the impugned order and allow the appeal. The appellant shall be eligible for consequential relief, if any, as per law.

(Dictated and pronounced in the open court)

Sd/-

(R. MURALIDHAR)
MEMBER (JUDICIAL)

Sd/-

(K. ANPAZHAKAN)
MEMBER (TECHNICAL)

Sdd