



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

% *Reserved on: 27th February, 2026*

Pronounced on: 01st June, 2026

+ **CRL.M.C. 4350/2018**

ARYAN ENGERY PVT. LTD.

43, Vasant Enclave

Rao Tula Ram Marg, New Delhi.

Through Its Company Secretary

Mr. Praveen Kataria.

.....Petitioner

Through: Mr. Raghvendra K. Singh and
Mr. Ashish Shukla, Advocates.

versus

1. UNION OF INDIA

Rep. Through the Secretary,
Ministry of Corporate Affairs
Shastri Bhawan, New Delhi.

2. REGISTRAR OF COMPANIES

NCT of Delhi & Haryana
4th Floor, IFCI Tower,
61, Nehru Place, New Delhi.

3. ASSISTANT REGISTRAR OF COMPANIES

NCT of Delhi & Haryana
4th Floor, IFCI Tower,
61, Nehru Place, New Delhi.

.....Respondents

Through: Ms. Pratima N. Lakra, CGSC with
Mr. Shailendra Kumar Mishra and
Mr. Chanakya Kene, Advocates.

CORAM:

HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA

J U D G M E N T



NEENA BANSAL KRISHNA, J.

1. **Petition** under Section 482 of the Code of Criminal Procedure, 1973 (*hereinafter referred to as "Cr.P.C"*) read with Article 227 of Constitution of India, 1950 has been filed by the *Petitioner Company, Aryan Energy Pvt. Ltd.*, seeking quashing of the *Complaint Case* under Section 148(8)(a) read with Section 147(1) of the Companies Act, 2013 which is pending trial in the Court of learned Additional Chief Metropolitan Magistrate.
2. A *Complaint Case bearing No.13222/2017*, under Section 148(8)(a) read with Section 147(1) of the Companies Act, 2013, was filed by the respondent.
3. The **brief facts** as narrated in the Complaint were that the Petitioner Company incorporated on 23.02.2001 under the Companies Act, 1956, is engaged in beneficiation of coal (**washing**) for the coal producing Companies and has set up coal washeries at Gauri, Nagpur (Maharashtra), Talcher (Odisha) and Ramakrishnapuram-1 (Telangana), for the mineral producing subsidiaries of Coal India Limited. The petitioner claimed that it is neither producing or extracting the mineral or coal from the mines nor is it manufacturing any coal product.
4. Subsequently, Respondent No. 1 issued Notice dated **04.05.2016** to the Petitioner Company, to explain the reasons for non-appointment of *Cost Auditor*. The Petitioner Company *vide* its Reply dated **06.05.2016**, explained that since the Petitioner Company was merely engaged in the activity of washing coal and not in the production or manufacturing of any mineral or coal, the *Cost Auditor* was not required to be appointed, under the Companies Act, 2013. However, the aforesaid Reply of the Petitioner Company was disregarded by Respondent No. 1, whereafter, it issued a



Show Cause Notice dated **05.12.2016** to the Petitioner Company under Section 148 of the Companies Act, 2013 on the ground of non-submission of the *Cost Audit Report* as well as for not appointing the *Cost Auditor*.

5. The Petitioner Company gave a Reply dated **21.12.2016** to the Show Cause Notice issued by Respondent No.1, wherein, it was explained that the activities undertaken by the Petitioner Company, were not covered under the category of *Companies specified in Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 for having its Cost Records audited*, as enshrined under Rule 4 thereof. In view of the relevant Rules framed under the Companies Act, in regard to the appointment of the Cost Auditor, the Petitioner Company was not required to appoint the Cost Auditor for the Financial Year 2015-16 in terms of Section 148 of the Companies Act, 2013 read with Sub-Rule (1) of Rule 6 of the Companies (Cost Records and Audit) Rules, 2014. It was further claimed that, there are specified categories of Companies fulfilling the threshold limits, as laid down in Rule 4 which are required to appoint a Cost Auditor as enshrined under Rule 6 of the Companies (Cost Records and Audit) Rules, 2014. Since the activities of the Petitioner Company were not covered under the specified categories, the Cost Auditor was not required to be appointed.

6. It was further asserted that, M/s BSR & Company (*Auditors of the Petitioner Company*) in their Audit Report for the year ending on **31.03.2015** reported that after due diligence, “*The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any services rendered by the Petitioner Company*”.

7. The reply of the Petitioner Company was rejected and initiated action against the Petitioner Company under Section 148 of the Companies



Act, 2013, *vide* its Letter dated **22.08.2017**, whereafter, the present Complaint under Section 148 of the Companies Act, 2013 was filed against the Petitioner Company, in the Court of learned Additional Chief Metropolitan Magistrate.

8. The learned Additional Chief Metropolitan Magistrate *vide* its Order dated **23.12.2017**, issued Notice to the Petitioner Company and its officials. Thereafter, *on* 29.05.2018, the learned Additional Chief Metropolitan Magistrate directed ***Notice under Section 251 of the Cr.P.C.***, to be framed against the Petitioner Company and its officials.

9. By way of the present Petition, **the Petitioner Company has sought quashing of the aforesaid Complaint.** It is stated that it only requires consideration *qua* application of law and there is no dispute regarding the facts of the present case. It is submitted that no law has been violated by the Petitioner Company, who was merely carrying out the activity of coal beneficiation (**washing**) and has not committed any offence under Section 148 of the Companies Act, 2013. *It is, therefore, prayed that the Complaint Case bearing No.13222/2017 filed against the Petitioner Company be quashed.*

10. The **Respondents** in their **Reply** to the present Petition have asserted that Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 made thereunder, provides that the Central Government may, by Order, in respect of such class of Companies engaged in the production of such goods or providing such services, as may be prescribed, *direct the audit of Cost Records of such Companies.* Rule 3 and Rule 4 of the aforesaid Rules, prescribe the list of goods or services along with the turnover criterion. The provision of *Cost*



Audit is applicable to class of Companies that satisfy the conditions, as prescribed under Rules 3 and 4.

11. The Petitioner Company in the present case, had furnished information by filling Form AOC-4 XBRL, with the Central Government. As per the information supplied by the Petitioner Company, for the Financial Year ending on 31st March, 2015, conducting Cost Audit and appointment of Cost Auditor, was mandatory. The Petitioner Company in its *product code* had mentioned “*ITC Code 27011910*”, which is covered as Mineral Fuels (**other than petroleum**) under Rule 3 of the Companies (Cost Records and Audit) Rules, 2014. The Petitioner Company also satisfies the turnover criteria. Therefore, the Petitioner Company was required to appoint Cost Auditor for the Financial Year 2015-16.

12. However, no Cost Auditor was appointed and, therefore, Notice dated 04.05.2016 was issued to explain the reasons for non-appointment of Cost Auditor. A Reply dated 06.05.2016 was submitted by the Petitioner Company, which was not found satisfactory. Therefore, Show Cause Notice dated 05.12.2016 was issued. The Petitioner Company in its response dated 21.12.2016, claimed that it was engaged in providing services of coal beneficiation (**washing**) and allied activities, which was not covered under the category specified in Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 for getting its Cost Records audited.

13. On examination, it was found that coal beneficiation (**washing**) is a process that is applied on raw coal and results in significant value addition in the coal, by removing burnable coal from associated unburnable mineral matter (**also known as ash**). The resultant coal, which is obtained after the



aforesaid process, is a valuable and efficient product having improved/wide marketability and is significantly different from the unwashed coal.

14. It was further noted that the Petitioner Company was engaged in the activity of conversation of raw coal into beneficiated coal, through the process of coal beneficiation (**washing**), at its Coal washeries. Both raw coal as well as beneficiated coal, are covered under Cost Audit, *vide* Central Excise Tariff Act (“CETA”) as well as Rule 3 of the Companies (Cost Records and Audit) Rules, 2014. *The Petitioner Company is, therefore, liable to prepare and maintain Cost records and get them audited, by a duly appointed Cost Auditor.*

15. After analyzing the aforesaid issue in detail and considering non-appointment of Cost Auditor by the Petitioner Company, approval was taken by Respondent No.1 from Competent Authority through Letter dated 22.08.2017, and it was written to Respondent No.2, Registrar of Companies for filing prosecution Complaint under Section 148 of the Companies Act, 2013, whereafter, the Complaint was filed. It was claimed that the default of non-appointment of Cost Auditor under Section 148 of the Companies Act, 2013 continues till date.

16. The Respondents further asserted that the applicability of Cost Audit is based on production/processing of the product and the Rules nowhere provides any relaxation or exemption *in the case of production/processing of raw material owned by the third party.* The output of coal beneficiation process, is significantly different from the raw material and the activity of coal beneficiation, is an integral part of the entire value chain of coal.

17. The legislative intent is to mandate preparation of detailed Cost Records for each product separately, for which it is necessary that the Cost



Records are prepared of all the activities, till the product is a finished product. Even if the contention of the Petitioner Company is accepted, then such exclusion of preparation of Cost Records for certain processes, would not allow the Central Government to have the access of the Cost Records of the entire value chain. This would defeat the entire purpose of mandating of Cost Records for certain sectors.

18. *It is, therefore, prayed on behalf of the Respondents that there is no merit in the contentions of the Petitioner Company and the present Petition is liable to be dismissed.*

19. The Petitioner Company as well as the Respondents have submitted the **Written Submissions** on similar lines, as their respective contentions in the pleadings.

Submissions heard and records perused.

20. The Petitioner Company has claimed that it was only doing the activity of beneficiation of coal (**washing**), which was not an activity, as per the Companies (Cost Records and Audit) Rules, 2014, which mandated maintaining Cost Records or carrying out Cost Audits.

21. In order to appreciate the contention of the Petitioner Company, it is *firstly* pertinent to refer to the Memorandum of Association of the Petitioner Company, which provides in Clause 3, which reads as under:

“To carry on any business relating to the mining and working of minerals (metallic and non-metallic) the production and working of metals, ferrous & non-ferrous, bricks, refractory and otherwise, coal, clay, soapstone, limestone, silica, dolomite, venellum, galine, lead graphite, hyalite chromite beryl, limonite and monosit, sand, asbestors etc. and other materials and either for the purpose only of such contracts or as



independent business and to undertake and execute any contract for works involving the supply or use of any machinery and to carry out any ancillary or other works comprised in such contracts.”

22. The Memorandum of Association itself reflects that the business of the Petitioner Company related to the mining and working of minerals (**metallic and non-metallic**), as well as their production.

23. *Secondly*, the document of relevance is the *Form No. AOC-4 XBRL*, wherein, the Petitioner Company had declared “*ITC Code 27011910*”. The Petitioner Company had annexed the Standalone Financial Statements for the period commencing from 01.04.2014 to 31.03.2015. The general information about the Petitioner Company, was disclosed therein. The description of product or service category was stated as “*coal briquettes ovoid & similar solid fuels manufactured from coal*”. The description of product or service was given as “*Coal Beneficiation and Allied activities*”. The most conspicuous thing, which emerges is that, it is not only the Coal Beneficiation but *Allied Services*, which were mentioned. The said term has not been explained by the Petitioner Company, in the present Petition.

24. The next relevant factor is the reference to Clause 3 of the Companies (Cost Records and Audit) Rules, 2014, which deals with Application of Cost Records. Clause ‘C’ reads as under:-

(C) *The Companies operating in areas involving public interest such as:*

(a) (i) *Railway or tramway locomotives, rolling stock, railway or tramway fixtures and fittings, mechanical (including electro mechanical) traffic signalling equipment’s of all kind;*



- (ii) *Mineral products inclining cement;*
- (iii) *Ores;*
- (iv) *Mineral fuels (other than Petroleum) mineral oils etc.*

25. *Rule 4 of the Companies* (Cost Records and Audit) Rules, 2014 provides for Applicability for Cost Audit. The relevant part of the said Rule reads as under:

Rule 4 Applicability for cost audit:-

- (i) -----
- (ii) *In the case of a multi-product or a multi services company specified in sub-clause (b) of clause (B) and sub-clause (b) of Clause (C) of Rule 3, the requirement for cost audit shall apply to a product or a service for which the individual turnover (from such specific product or such specific service) is rupees one hundred crore or more.”*

26. The main contention of the Petitioner Company was that it was merely offering Coal Beneficiation (**washing**) services and was not in the business of manufacturing of coal fuel. To understand this contention, it is relevant to understand what exactly is meant by **Coal Beneficiation (washing)**.

27. *Coal Beneficiation or coal preparation* refers to the process through which inorganic impurities are separated from raw coal; thereby, providing improved combustion characteristics to the fuel produced. The separation processes used are primarily based on exploiting the physical differences between organic that is coal and inorganic i.e. ash components.



28. This aspect has been explained in the case of Commissioner of Service Tax Delhi and Global Coal and Mining Pvt. Ltd., Civil Appeal No. 23105/2020, decided by the Hon'ble Supreme Court of India on **27.08.2021**. It is stated that the activity of beneficiation of coal involves quashing of coal with a view to remove the high ash content and to make it fit for use in the generation of power.

29. The phenomenon of Beneficiation is discussed in detail by the Apex Court in the case of Tata Steel Ltd. v. Union of India and Ors. (2015) 6 SCC 193. It was explained that the *Coal Beneficiation*, also known as coal *washing of coal preparation*, is an industrial process that improves the quality of raw coal by improving non-combustible impurities, like ash, sulphur, etc. This mechanical upgrading *process increases the coal's heating value (Gross Calorific Value), standardises its sizing and gives a cleaner more efficient fuel before it is burnt.*

30. The Coal Beneficiation thus, involves separation of pure coal from unwanted geologic base material relies on different physical and chemical properties. *It is primarily categorised into two types: one* physical Beneficiation which may be done by wet process or dry process; *and second* is the chemical Beneficiation, which involves sweating the coal with chemical agents.

31. The Beneficiation of coal by way of wet process was considered in detail in the case of Tata Steel Ltd. (*supra*). It was explained that when Beneficiation is done through wet process, it increases the moisture percentage of Beneficiated coal by around 8% to 15%. After Beneficiation, apart from the clean coal (**required in Blast furnace for Steel making coal**), the by-products named as Middling (**ash 40-45%**), Tailings (**ash 40-**



45%) and Rejects (**ash 60-65%**), are also obtained. Thus, 100 tonnes of raw coal would produce approximately 115 tonnes of washed product.

32. It was thus, concluded in *Tata Steel Ltd. (supra)*, that the Beneficiation process is a physical separation process to separate higher ash coal and lower ash coal, so no chemical changes are made in the coal mineral, as there are no chemical reactions involved during the said Beneficiation process.

33. Furthermore, due to addition of water during wet Beneficiation, summation of Beneficiated coal product quantity is higher than raw coal quantity. There are two significant consequences of Beneficiation process:-

- (i) *the grade of coal improves (from Washery Grade IV it could improve to Steel Grade I) and*
- (ii) *the weight of coal increases from 100 tons of raw coal to 105 tons [excluding rejects] of Beneficiated coal.*

34. Therefore, from the aforesaid discussion, it emerges that the raw coal when subjected to Beneficiation, *results in a product which is much better and is a higher quality of coal.* Not only this, there are certain by-products, some of which can be used for producing charcoal and other products.

35. In this context, it would also be relevant to understand whether such process would be covered, under *the definition of “manufacture”*. In the case of *Commissioner of Income Tax, Kerala vs. Tara Agencies*, (2007) 6 SCC 429. The distinction between the three processes, namely, “*manufacture*”, “*production*” and “*processing*”, were considered.

36. The other terms which needs to be understood is ‘**Production**’. In *Black’ Law Dictionary (5th Edition)*, the term ‘*production*’ has been defined as under:



“Production: Process or act of producing. That which is produced or made; i.e. goods. Fruit of labor, as the productions of the earth, comprehending all vegetables and fruits; the productions of intellect, or genius, as poems and prose compositions; the productions or art, as manufactures of every kind.”

37. The term ‘produce’, as defined in the *New Webster’s Dictionary of the English Language (Deluxe Encyclopedic Edition)*, is as follows:

“Produce: To bring forth into existence; to bring about; to cause or effect, esp. intellectually or creatively; to give birth to; to bear, furnish, yield; to make accrue; to bring about the performance of, as a movie or play; to extend, as a line.- v.i. To bring forth or yield appropriate offspring, products, or consequences.”

38. The Supreme Court in the case of Deputy Commissioner of Agricultural Income-tax & Sales Tax, Central, Zone, Ernakulam vs. M/s Palampadam Plantations Ltd., AIR 1969 SC 930, had considered the meaning of the term ‘produce’ used in the Kerala General Sales Tax Act, 1963. The expression used was the person who sells goods produced by him by manufacture, agriculture, horticulture or otherwise.

39. In the case of Tara Agencies (supra), after referring to the aforesaid definitions, it was concluded that the expression “produced” was given a wider meaning than the word “manufacture,” pointing out that the word ‘produced’ will include an activity of manufacturing the materials by applying human endeavour on some existing raw material, but the word ‘produce’ may include securing certain produce from natural elements, for example, by growing plants on soil, or by operating mines, for example, by milking the cow, the milkman produces milk, though he had not applied any



process on any raw material for the purpose of bringing into existence the thing known as milk.

40. It was further held the word ‘*production*’ or ‘*produce*’, when used in juxtaposition with the word ‘*manufacture,*’ takes in *bringing into existence new goods by the process which may or may not amount to manufacture.* It also takes in all the by-products, intermediate products and residual products, which emerge in the course of manufacturing such goods.

41. The *third terminology* which needs understanding is “***process***”. According to ***Oxford Dictionary***, one of the meanings of the word ‘process’ is “*a continuous and regular action or succession of actions taking place or carried on in a definite manner and leading to the accomplishment of some result.*”

42. In ***Chambers 21st Century Dictionary***, the term ‘process’ has been defined as under:

“Process: 1. a series of operations performed during manufacture, etc. 2. a series of stages which a product, etc. passes through, resulting in the development or transformation of it.”

43. In ***Collins Cobuild English Dictionary***, the term ‘process’ has been defined as under:

“A process is series of actions which are carried out in order to achieve a particular result.

A process is a series of things which happen naturally and result in a biological or chemical change.

When raw materials or foods are processed, they are treated chemically or industrially before they are used or sold.”



44. The term ‘*process*’ as defined in the *New Webster’s Dictionary of the English Language [Deluxe Encyclopaedia Edition]* is as under:

“Process: To treat or prepare by some particular process; to convert, as an agricultural commodity, into marketable form by some special treatment; Produced or treated by some artificial means; as, process sugar; of or pertaining to photographic reproduction that involves photo-engraving or photomechanical means; relating to special effects obtained in motion pictures through the use of special filming techniques.”

45. In *Bay Bottle Gas Co. v. Michigan Dept. of Revenue* 74 N.W. 2d 37, 39, 344 Mich. 326, while dealing with the term ‘*process*’, the court observed as under:

“To ‘process’ means to subject, especially raw material, to a process of manufacturing, development, preparation for the market, etc.; to convert into marketable form, as livestock by slaughtering, grain by milling, cotton by spinning, milk by pasteurizing, fruits and vegetables by sorting and repacking.”

46. In *Tara Agencies (supra)*, while considering whether blending of different qualities of tea of different brands, for export, can be termed as ‘*production*’ or ‘*manufacture*’. In that context, it was observed that blending though does not amount to manufacturing of goods, but it clearly amounts to processing of goods, in the sense that it brings some change in the goods.

47. ‘*Manufacturing*’ has been construed and interpreted by the Apex Court, in order to properly comprehend the certain distinction between ‘*manufacturing*’ and ‘*processing*’.

48. According to the dictionary, “*manufacture*” means a process which results in an alteration or change in the goods, which are subjected to the



process of manufacturing leading to the production of a commercially new article. In determining what constitutes ‘manufacture’, no hard and fast rule can be applied and each case has to be decided on its own facts.

49. The term ‘manufacture’ has been defined in ***Black’s Law Dictionary (5th Edition)***, as under:

“Manufacture: The process or operation of making goods or any material produced by hand, by machinery or by other agency; anything made from raw materials by the hand, by machinery, or by art. The production of articles for use from raw or prepared materials by giving such materials new forms, qualities, properties or combinations, whether by hand labor or machine.”

50. The word ‘manufacture’ has been defined in Halsbury’s Laws of England, 3rd Ed. Vol. 29 p.23 as under:-

“Manufacture has been defined as a manner of adapting natural materials by the hands of man or by man-made devices or machinery and as the making of an article or material by physical labour or applied power; but the practice is to accept as manufacture a wider range of industrial activities than such a definition would suggest. It includes articles made in situ as well as articles made in a factory.”

51. The Supreme Court of the United States of America defined the term ‘manufacture’ in *Anheuser-Busch Brewing Assn. vs. United States*, (1907) 52 L Ed. 336, which was followed in subsequent American, English and Indian cases, reads as under:

*“**Manufacture** implies a change, but every change is not manufacture, and yet every change in an article is the result of treatment, labour and manipulation. But something more is necessary... **There must be***



transformation; a new and different article must emerge, having a distinctive name, character or use.”

52. The term “***manufacture***” was found to be not defined under the Income Tax Act, 1961, but defined in Section 2(f) of the *Central Excise Act, 1944*. Para (i) and (ii) of Section 2(f), which reads as under:-

“2(f). ‘*Manufacture*’ includes any process-

(i) *incidental or ancillary to the completion of a manufactured product; and*

(ii) *which is specified in relation to any goods in the Section or Chapter notes of the Schedule to the Central Excise Tariff Act, 1985 as amounting to manufacture”.*

53. Clause (f) gives an inclusive definition of the term ‘*manufacture*’. Therefore, for a process to be termed as *manufacture*, *it must necessarily result in a new and different article must emerge, having a distinctive name, character or use.*

54. In *Union of India & Others vs. J.G. Glass Industries Ltd. & Others*, (1998) 2 SCC 32, the Supreme Court has laid down a two-fold test for determining whether the process is ‘*manufacturing*’; ***first***, whether by the said process, a different commercial commodity comes into existence or whether the identity of the original commodity ceases to exist. ***Secondly***, whether the commodity which was already in existence will serve no purpose but for the said process. Applying the two- fold test, it was held that printing on bottles does not amount to manufacture.

55. The Constitution Bench of the Supreme Court in *M/s Devi Das Gopal Krishnan etc. v. State of Punjab & Others*, AIR 1967 SC 1895 observed that if by a process a different identity comes into existence, then it can be said



to be ‘*manufacture*’. When oil is produced out of the seeds, the process certainly transforms raw material into different article for use.

56. In *Empire Industries Limited & Others vs. Union of India & Others*, (1985) 3 SCC 314, it was observed that manufacture is complete as soon as the application of one or more processes, the raw material undergoes some change and a new article is brought into existence, having a distinct name and character would amount to manufacture.

57. A Constitution Bench of the Supreme Court in *M/s Ujagar Prints & Others (II) vs. Union of India & Others*, (1989) 3 SCC 488 and *M/s Saraswati Sugar Mills & Others vs. Haryana State Board & Others*, (1992) 1 SCC 418 took the same view.

58. In *Gramophone Co. of India Ltd. vs. Collector of Customs, Calcutta* (2000) 1 SCC 549, the Supreme Court examined earlier cases and held that ‘*manufacture*’ implies a change, but every change is not manufacture and yet, every change of an article is the result of treatment, labour and manipulation, but something more is necessary and there must be transformation; a new and different article must emerge having a distinctive name, character and use. In this case, the word ‘*manufacture*’ has various shades of meanings, but unless defined under the Act, it is to be interpreted in the context of the object and the language used in the section. It would not be applicable in cases where only processing activity is carried out. Further, such production activity, must be met by an industrial undertaking.

59. In *Collector of Central Excise, Jaipur etc. vs. Rajasthan State Chemical Works, Deedwana, Rajasthan etc.*, (1991) 4 SCC 473, the Supreme Court had defined the word ‘*manufacture*’ as under:

“*Manufacture implies a change but every change is not*



manufacture, yet every change of an article is the result of treatment, labour and manipulation. Naturally, manufacture is the end result of one or more processes through which the original commodities are made to pass. The nature and extent of processing may vary from one class to another. There may be several stages of processing, a different kind of processing at each stage. With each process suffered the original commodity experiences a change. Whenever a commodity undergoes a change as a result of some operation performed on it or in regard to it, such operation would amount to processing of the commodity. But it is only when the change or a series of changes take the commodity to the point where commercially it can no longer be regarded as the original commodity but instead is recognised as a new and distinct article that a manufacture can be said to take place. Manufacture thus involves series of processes. Process in manufacture or in relation to manufacture implies not only the production but the various stages through which the raw material is subjected to change by different operations. It is the cumulative effect of the various processes to which the raw material is subjected to, manufactured product emerges. Therefore, each step towards such production would be a process in relation to the manufacture. Where any particular process is so integrally connected with the ultimate production of goods that but for that process manufacture of processing of goods would be impossible or commercially inexpedient, that process is one in relation to the manufacture.”

60. In the case of *Global Coal and Mining Pvt. Ltd. vs. Commissioner of Service Tax, Delhi* 2019 SCC OnLine CessTax 4600 the Supreme Court while considering the Beneficiation activity undertaken by the Petitioner, held that *while considering the scope of services in relation of mining, the services of Beneficiation of coal would be apart from mining activity*



brought under the ambit of service tax.

61. The aforesaid discussion, therefore, shows that the Beneficiation of Coal falls in the category of 'manufacture'. Rules 3 and 4 of the Companies (Cost Records and Audit) Rules, 2014 provides for the requirement of Cost Records and Cost Audit, to be applicable to such a product or service.

62. It is a mixed question of fact and law, to comprehend the exact steps being followed by the Petitioner, and whether the product that emerges after washing, retains its original characteristics. The evidence may be led by the Petitioner, to establish that no manufacturing was indeed done, in the process of beneficiation, by the Petitioner.

63. It is hereby clarified that the observations made herein are confined to adjudication of the present Petition, and does not tantamount to expression on the merits of the case.

64. In light of the aforesaid discussion, it cannot be said that *per se* Beneficiation of Coal is not a manufacturing process, thereby, entitling the Petitioner Company to quashing of the Criminal Complaint filed under Section 148 of the Companies Act, 2013.

65. There is no merit in the present Petition, which is hereby, **dismissed**. Pending Application(s), if any, also stands disposed of.

**(NEENA BANSAL KRISHNA)
JUDGE**

JUNE 01, 2026/va/RS/N