

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
ALLAHABAD**

REGIONAL BENCH - COURT NO.I

Service Tax Appeal No.70614 of 2021

(Arising out of Order in Appeal - 247-ST-Alld-2021, dated -26/08/2021 passed by Commissioner (Appeals) CGST & Central Excise, Allahabad)

M/s A to Z Security Company And Other Services

.....Appellant

(238-C, Near Punjab National Bank,
Jhokan Bagh, Jhansi, Uttar Pradesh 284002)

VERSUS

Commissioner, CGST & Central Excise, Kanpur

....Respondent

117/7, Sarvodaya Nagar, Kanpur-208005

APPEARANCE:

Shri Pranzal Mishra, Chartered Accountant &
Shri Mohd. Suhal, Advocate for the Appellant
Shri A.K. Choudhary, Authorised Representative for the Respondent

**CORAM: HON'BLE MR. P. K. CHOUDHARY, MEMBER (JUDICIAL)
HON'BLE MR. K. ANPAZHAKAN, MEMBER (TECHNICAL)**

FINAL ORDER NO.70226/2026

DATE OF HEARING : 06.07.2026
DATE OF DECISION : 10.07.2026

K. ANPAZHAKAN:

The present appeal has been filed by M/s A to Z Security Company And Other Services (herein after referred as the Appellant) against the Order-in-Appeal No. 247/ST/Alld/2021 dated 23.08.2021, whereby the Ld. Commissioner (Appeals) confirmed the demand of Service Tax amounting to Rs. 49,70,835/- under Section 73 of the Finance Act, 1994 for the period from October 2013 to March 2015 by invoking the extended period of limitation, along with applicable interest under Section 75 and penalty of Rs. 24,85,418/- under Section 78 of the Finance

Act, 1994. Late fee of Rs. 38,300/- (for the periods October 2013 to March 2014 and April 2015 to September 2015) and interest of Rs. 154/- pertaining to FY 2016-17.

2. The facts of the case are that the Appellant is engaged in undertaking job work for M/s Wave Distilleries & Breweries Ltd (M/s Wave) and other manufacturers of liquor. The activities undertaken by the Appellant majorly include repacking of old bottles, repackaging of glass bottles, barcode sticking, cleaning of bottles and other activities forming part of the manufacturing cycle of liquor.

2.1. During the period from October 2013 to March 2015, the Appellant, under a bona fide belief, claimed exemption from payment of Service Tax on the aforesaid activities under Serial No. 30(c) of Notification No. 25/2012-ST which exempts following services-

***30. Carrying out an intermediate production process as job work in relation to -
(c) any goods on which appropriate duty is payable by the principal manufacturer'***

Thereafter, pursuant to Notification No. 6/2015-ST dated 01.03.2015, whereby the said exemption stood withdrawn w.e.f. 01.04.2015, the Appellant accepted the changed legal position and duly discharged the applicable Service Tax on the said activities for the subsequent period. The Department alleged that the Appellant had wrongly claimed the benefit of the aforesaid exemption and that the activities were liable to Service Tax for the period prior to 01.04.2015 also.

2.2. The department expressed the view that the activities undertaken by the Appellant do not qualify for exemption as provided under Entry 30(c) of the said Notification No. 25/2012-ST, due to the following grounds:

- a. Activities undertaken by the appellant cannot be regarded as processing of raw materials or semi-finished goods and, therefore, do not qualify for exemption under Entry 30(c) of the said Notification.
- b. These activities are also not the processes resulting in the
 - Manufacture or finishing of liquor
 - Or any operation which is essential for aforesaid process

2.3. Accordingly, the impugned demand has been raised for the period from October 2013 to March 2015. On adjudication, the Ld. Adjudicating authority has confirmed the demands raised in the Notice along with interest and penalty. On appeal, the Ld. Commissioner (Appeals) has upheld the demands confirmed in the Order-in-Original. The Commissioner (Appeals) also upheld the late fee of Rs. 38,300/- (for the periods October 2013 to March 2014 and April 2015 to September 2015) and interest of Rs. 154/- pertaining to FY 2016-17. Aggrieved against the confirmation of the demands of service tax along with interest and penalty, the Appellant has filed this appeal.

3. The submissions made by the Appellant are summarized as under:

Activities of the appellant exempt by virtue of "Entry 30(c) of Mega Exemption Notification No. 25/2012- ST dated 20.06.2012.

i. It is to be submitted that the Appellant has carried out an intermediate production process as job work in relation to liquor manufactured by M/s Wave and other manufacturers on which appropriate duty is payable by the principal manufacturer. Accordingly, the activities undertaken by the Appellant are exempt from Service Tax under Entry 30(c) of Notification No. 25/2012-ST dated 20.06.2012.

ii. Serial No. 30(c) exempts "**carrying out an intermediate production process as job work in relation to any goods on which appropriate duty is payable by the principal**

manufacturer," Here, "appropriate duty" means the duty payable on manufacture or production under any Central or State Act, but does not include nil rate of duty or goods fully exempt from duty. Liquor manufactured by the principal manufacturer is admittedly subject to State Excise Duty. Therefore, any intermediate production process undertaken as job work in relation to the manufacture of such liquor squarely falls within the scope of the aforesaid exemption. This legal position has also been acknowledged by the Respondent in the concluding part of paragraph 4.3 at page 3 of the Order-in-Appeal.

iii. The Appellant was entrusted with various operations performed at different stages of the manufacturing cycle of liquor, majorly including repacking of old bottles, repackaging of glass bottles, barcode sticking, cleaning of bottles etc. Each of these activities facilitated or completed a particular stage in the production, finishing and marketability of the final product. The activities undertaken by the Appellant either formed

- part of the process resulting in manufacture or finishing of the article
- or operations essential to such process.

Accordingly, the activities undertaken by the Appellant constitute an intermediate production process carried out as job work in relation to the manufacture of liquor on which appropriate State Excise Duty is payable by the principal manufacturer. The Appellant is, therefore, squarely covered by the exemption under Serial No. 30(c) of Notification No. 25/2012-ST.

iv. It is imperative that without bottles and their cleaning & barcode sticking finished product will not be ready for sale in market. Without all discussed intermediate jobs carried out by appellant including that of cleaning and maintenance, repair and maintenance etc., production process would get hampered and would be practically impossible to be carried out.

Hence, it would be wrong to allege that all these intermediate processes are not integral part for completing process of manufacture of liquor or their finishing. In fact what is required for exemption is that job work is an intermediate production process which need not necessarily be integral.

v. The Respondent has wrongly denied the exemption on the ground that the impugned activities do not constitute job work and do not amount to a process resulting in manufacture or finishing of an article.

vi. The Respondent has adopted an unduly restrictive interpretation of the expression "job work." "Job work" is not defined in the Service Tax law as also acknowledged by the respondent in Para 4.4 of OIO and relied upon below definition as per Notification No. 214/86-CE, dated 25.03.86 and Rule 2(n) of CENVAT Credit Rules, 2004.

*"job work" means **processing or working upon of raw material or semi-finished goods supplied to the job worker, so as to complete a part or whole of the process** resulting in the **manufacture** or **finishing** of an article or any operation **which is essential for aforesaid process** and the expression "job worker" shall be construed accordingly;*

The definition of job work is not confined only to a process resulting in manufacture or finishing of an article but expressly extends to-

- **a part of the process resulting in manufacture or finishing of an article,**
- as well as **any operation which is essential to such process.**

The impugned order completely overlooks these crucial expressions and, therefore, proceeds on an erroneous interpretation of the definition.

vii. The fact that the appellant carried out the work at the premises of the principal manufacturer, employed its own labour and received consideration on a per box/per bag basis is wholly irrelevant to the determination of "job work". Once the activities satisfy the requirements of Rule 2(n), the appellant is squarely entitled to exemption under Entry 30(c) of Notification No. 25/2012-ST. Thus, since the activities undertaken by the Appellant satisfy the statutory requirements of an intermediate production process carried out as job work in relation to the manufacture of liquor, the Appellant is fully entitled to the exemption under Serial No. 30(c) of Notification No. 25/2012-ST. Consequently, the impugned demand is wholly unsustainable and liable to be set aside.

viii. Since the Appellant duly discharged the applicable Service Tax on the said activities upon withdrawal of the exemption notification, and such payment stands acknowledged by the Department, no demand has been raised for the remaining audit period from April 2015 to June 2017.

3.1. Thus, the Appellant prayed for setting aside the demands of service tax confirmed along with interest and penalties in the impugned order.

4. The Ld. A.R. reiterated the findings in the impugned order. It is his submission that the alcoholic liquor are not excisable products under the Central Excise Act, 1944 and hence the activities undertaken by the appellant cannot be considered as amounting to manufacture as defined under Section 2(f) of the Central Excise Act. Accordingly, he submitted that the Appellant would not be eligible for the benefit of Serial No. 30(c) of Notification No. 25/2012-ST.

5. We find that Appellant has carried out various operations performed at different stages of the manufacturing cycle of liquor. The activities undertaken by the Appellant include repacking of old bottles, repackaging of glass bottles, barcode sticking, cleaning of bottles etc. We find that each of these activities facilitated or

completed a particular stage in the production, finishing and marketability of the final product. Thus, we find that the activities undertaken by the Appellant formed part of the process resulting in manufacture or finishing of the article. It is not disputed that the activities undertaken by the Appellant constitute an intermediate production process carried out as 'job work' in relation to the manufacture of liquor on which appropriate State Excise Duty is payable by the principal manufacturer.

5.1. We find that Serial No. 30(c) of Notification No. 25/2012-ST exempts following services-

*30. Carrying out an **intermediate production process as job work** in relation to -*

(c) any goods on which appropriate duty is payable by the principal manufacturer'

5.2. We observe that without bottles and their cleaning & barcode sticking, the finished product will not be ready for sale in market. Without the intermediate jobs carried out by appellant including that of cleaning and maintenance, repair and maintenance etc., the production process would not be complete. Thus, we observe that all the intermediate processes undertaken by the Appellant are **integral part** for completing process of manufacture of liquor or their finishing. Once it is established that the job work undertaken by the Appellant is an intermediate production process essential for completion for the process of manufacturing of alcoholic liquor, the Appellant would be entitled to the exemption as provided under Serial No. 30(c) of Notification No. 25/2012-ST.

5.3. The Contention of the Revenue is that the alcoholic liquor are not excisable products under the Central Excise Act, 1944 and hence the activities under taken by the appellant cannot be considered as amounting to 'manufacture' as defined under Section 2(f) of the Central Excise Act. Accordingly, the Ld. A.R. submitted that the Appellant would not be eligible for the benefit of Serial No. 30(c) of Notification No. 25/2012-ST. We do not

agree with the submission of the Ld. A.R. We find that the said issue has been re-examined by Board and issued Circular F.No.249/1/2006-CX-4 dated 27-10-2008, wherein it has been clarified that the term 'manufacturing process' as far as bottling is concerned, has to be understood in the context of the decision of the Hon'ble Apex Court in *Sir Shadila Distillery & Chemical Works* case. Accordingly, it has been clarified that packaging and bottling of liquor come within the ambit and sweep of 'manufacture' within the meaning of clause (f) of section 2 of the Central Excise Act, 1944. We find that the Hon'ble Madhya Pradesh High Court has relied upon the Board Circular in the case of *Maa Sharda Wine Traders Vs UOI*, 2009(22) STT 105(MP) held that the manufacturing process does not necessarily mean that it has to be excisable goods, but, it would include any process which is incidental or ancillary to the completion of a manufactured product. The said decision has been affirmed by the Hon'ble Apex Court in W.P Nos.696-698 and 700 of 2008, March 20, 2008. The relevant portion of the said decision is reproduced below, for ready reference:

"30. In the case at hand, the circular issued by the Central Board of Excise and Customs is in consonance with the statutory provisions as well as the law laid down by the Apex Court in *Sir Shadilal Distillery and Chemical Works* (supra).

31. Though we have analysed and stated that we are unable to concur with the view taken by the Division Bench in *M/s. Vindhyachal Distilleries Pvt. Ltd.* (supra) we think it condign to enumerate the reasons therefor *in seriatim* :

(i) Section 65(76b) of the Finance Act by referral legislation excludes the manufacturing process as defined under Section 2(f) of the 1944 and the said provision is not to be read in composite and cumulative manner, inasmuch as each clause in the said provision is independent because of the language employed therein.

(ii) The manufacturing process does not necessarily mean it has to be excisable goods but would include any process which is incidental or ancillary to the completion of a manufactured product.

(iii) The definition under Section 65(76b) of the Act read with definition section 2(f) of the 1944 Act does not exclude the concept of manufacturing process as defined under Section 2(14) of the 1915 Act which is an inclusive definition that includes every process whether natural or artificial.

(iv) The dissection of the tender conditions especially the invoices and pricing by the Division Bench for the purpose of determining the manufacturing process is incorrect in view of the decisions rendered in *Arun Electrics (supra)*, *Bharat Sanchar Nigam Ltd. and another (supra)* and *Imagic Creative (P) Ltd. (supra)*.

(v) The view expressed by the earlier Division Bench in *Som Distilleries & Breweries Pvt. Ltd. (supra)* on the basis of scrutiny of anatomy of the various provisions of the 1915 Act that bottling is a part of the manufacturing process could not have been distinguished on the ground that the decision was not with respect to the activity of packaging as enshrined under Section 65(76b) of the Finance Act and the definition under Section 2(f) of the Central Excise Act inasmuch as the said definition by its import excludes the manufacturing process under the Central Excise Act from the net of service tax.

(vi) The Circular F. No. 249/1/2006 - CX, dtd. 27th Oct., 2008 issued by the Central Board of Excise and Customs clarifies the position that the term 'manufacturing process' as far as bottling is concerned, has to be understood in the context of the decision of the Apex Court and keeping that in view, has taken it out of net of service tax and the said circular is in consonance with the decision rendered by the

Apex Court in *Sir Shadilal Distillery & Chemical Works, Mansurpur* (supra).

(vii) The process of manufacture as defined under Section 2(14) of the 1915 Act falls within the ambit and sweep of Section 2(f)(1) of the Central Excise Act, 1944 and, therefore, there can be no levy of service tax on manufacture in view of the clear postulate under Section 65(76b) of the Finance Act, 2005. To elaborate: the fundamental concept of manufacture as engrafted under Section 2(14) of the 1915 Act cannot be regarded as alien to the definition of 'manufacture' under Section 2(f)(i) of the Central Excise Act as has been held by the Division Bench in *M/s. Vindhyachal Distilleries Private Ltd.* (supra).

(viii) The analysis that the bottling of liquor can be independent is not correct, as the liquor cannot be sold without bottling as there is statutory stipulation that the liquor has to be sold in bottles. To further clarify, the container becomes a part of manufacturing process, and that has been so held in *Som Distilleries and Breweries Pvt. Ltd.* (supra).

32. In view of the aforesaid, we answer the reference on following terms :

"The decision rendered in *M/s. Vindhyachal Distilleries* (supra) does not state the law correctly inasmuch as it has expressed the opinion that packaging and bottling of liquor are not the part of manufacturing process and hence, liable to service tax and we uphold the view taken in *Som Distilleries* (supra) and, therefore, rule that packaging and bottling of liquor come within the ambit and sweep of manufacture within the meaning of clause (f) of Section 2 of Central Excise Act, 1944 in view of the definition contained in Section 65(76b) of the Finance Act especially keeping in view the exclusionary facet and further regard being had to the circular issued by Central Board of Excise and Customs."

5.4. Thus, by relying on the decision of the Hon'ble Apex Court cited supra, we hold that the Appellant would be eligible for the benefit of Serial No. 30(c) of Notification No. 25/2012-ST. Accordingly, we hold that the demand of service tax in the impugned order is not sustainable and hence, we set aside the same. As the demand itself is not sustainable, the question of demanding interest imposing penalty under section 78 does not arise and hence, we set aside the same.

5.5. Regarding the late fee of Rs. 38,300/- (for the periods October 2013 to March 2014 and April 2015 to September 2015) and interest of Rs. 154/- pertaining to FY 2016-17, we observe that there is a delay in filing the returns and hence late fee and interest of Rs.154 confirmed in the impugned order is payable by the Appellant and hence we confirm the same.

6. Thus, the appeal filed by the Appellant is disposed of on the above terms.

(Pronounced in open court on 10.07.2026)

Sd/-
(P. K. CHOUDHARY)
MEMBER (JUDICIAL)

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

Nihal