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

REGIONAL BENCH – COURT NO. 2

Excise Appeal No. 75999 of 2023

(Arising out of common Orders-in-Appeal No. 60-67/BOL-CE/2023-24 dated 21.09.2023 passed by the Commissioner (Appeals), Goods & Service Tax, Siliguri Appeal Commissionerate, C.R. Building, Hakimpara, H.M. Road, Siliguri – 734 001)

M/s. Great Eastern Energy Corporation Limited : Appellant
M-10, ADDA Industrial Estate,
P.O.: R.K. Mission, P.S.: Asansol,
Burdwan, West Bengal – 713 305

VERSUS

Commissioner of C.G.S.T. and Central Excise : Respondent
Bolpur Commissionerate,
Nanoor Chandidas Road, Sian, Bolpur,
Birbhum, West Bengal – 731 204

WITH

Excise Appeal No. 76001 of 2023

(Arising out of common Orders-in-Appeal No. 60-67/BOL-CE/2023-24 dated 21.09.2023 passed by the Commissioner (Appeals), Goods & Service Tax, Siliguri Appeal Commissionerate, C.R. Building, Hakimpara, H.M. Road, Siliguri – 734 001)

Yogendra Kumar Modi, : Appellant
Chairman and Chief Executive Director,
M/s. Great Eastern Energy Corporation Limited
M-10, ADDA Industrial Estate,
P.O.: R.K. Mission, P.S.: Asansol,
Burdwan, West Bengal – 713 305

VERSUS

Commissioner of C.G.S.T. and Central Excise : Respondent
Bolpur Commissionerate,
Nanoor Chandidas Road, Sian, Bolpur,
Birbhum, West Bengal – 731 204

WITH

Excise Appeal No. 76002 of 2023

(Arising out of common Orders-in-Appeal No. 60-67/BOL-CE/2023-24 dated 21.09.2023 passed by the Commissioner (Appeals), Goods & Service Tax, Siliguri Appeal Commissionerate, C.R. Building, Hakimpara, H.M. Road, Siliguri – 734 001)

Yogendra Kumar Modi, : Appellant
Chairman and Chief Executive Director,
M/s. Great Eastern Energy Corporation Limited
M-10, ADDA Industrial Estate,
P.O.: R.K. Mission, P.S.: Asansol,
Burdwan, West Bengal – 713 305

VERSUS

Commissioner of C.G.S.T. and Central Excise : Respondent
Bolpur Commissionerate,
Nanoor Chandidas Road, Sian, Bolpur,
Birbhum, West Bengal – 731 204

WITH

Excise Appeal No. 76003 of 2023

(Arising out of common Orders-in-Appeal No. 60-67/BOL-CE/2023-24 dated 21.09.2023 passed by the Commissioner (Appeals), Goods & Service Tax, Siliguri Appeal Commissionerate, C.R. Building, Hakimpara, H.M. Road, Siliguri – 734 001)

M/s. Great Eastern Energy Corporation Limited : Appellant
M-10, ADDA Industrial Estate,
P.O.: R.K. Mission, P.S.: Asansol,
Burdwan, West Bengal – 713 305

VERSUS

Commissioner of C.G.S.T. and Central Excise : Respondent
Bolpur Commissionerate,
Nanoor Chandidas Road, Sian, Bolpur,
Birbhum, West Bengal – 731 204

WITH

Excise Appeal No. 76004 of 2023

(Arising out of common Orders-in-Appeal No. 60-67/BOL-CE/2023-24 dated 21.09.2023 passed by the Commissioner (Appeals), Goods & Service Tax, Siliguri Appeal Commissionerate, C.R. Building, Hakimpara, H.M. Road, Siliguri – 734 001)

M/s. Great Eastern Energy Corporation Limited : Appellant
M-10, ADDA Industrial Estate,
P.O.: R.K. Mission, P.S.: Asansol,
Burdwan, West Bengal – 713 305

VERSUS

Commissioner of C.G.S.T. and Central Excise : Respondent
Bolpur Commissionerate,
Nanoor Chandidas Road, Sian, Bolpur,
Birbhum, West Bengal – 731 204

WITH

Excise Appeal No. 76005 of 2023

(Arising out of common Orders-in-Appeal No. 60-67/BOL-CE/2023-24 dated 21.09.2023 passed by the Commissioner (Appeals), Goods & Service Tax, Siliguri Appeal Commissionerate, C.R. Building, Hakimpara, H.M. Road, Siliguri – 734 001)

Yogendra Kumar Modi, : Appellant
Chairman and Chief Executive Director,
M/s. Great Eastern Energy Corporation Limited
M-10, ADDA Industrial Estate,
P.O.: R.K. Mission, P.S.: Asansol,
Burdwan, West Bengal – 713 305

VERSUS

Commissioner of C.G.S.T. and Central Excise : Respondent
Bolpur Commissionerate,
Nanoor Chandidas Road, Sian, Bolpur,
Birbhum, West Bengal – 731 204

WITH

Excise Appeal No. 76006 of 2023

(Arising out of common Orders-in-Appeal No. 60-67/BOL-CE/2023-24 dated 21.09.2023 passed by the Commissioner (Appeals), Goods & Service Tax, Siliguri Appeal Commissionerate, C.R. Building, Hakimpara, H.M. Road, Siliguri – 734 001)

M/s. Great Eastern Energy Corporation Limited : Appellant
M-10, ADDA Industrial Estate,
P.O.: R.K. Mission, P.S.: Asansol,
Burdwan, West Bengal – 713 305

VERSUS

Commissioner of C.G.S.T. and Central Excise : Respondent
Bolpur Commissionerate,
Nanoor Chandidas Road, Sian, Bolpur,
Birbhum, West Bengal – 731 204

AND

Excise Appeal No. 76007 of 2023

(Arising out of common Orders-in-Appeal No. 60-67/BOL-CE/2023-24 dated 21.09.2023 passed by the Commissioner (Appeals), Goods & Service Tax, Siliguri Appeal Commissionerate, C.R. Building, Hakimpara, H.M. Road, Siliguri – 734 001)

Yogendra Kumar Modi, : Appellant
Chairman and Chief Executive Director,
M/s. Great Eastern Energy Corporation Limited
M-10, ADDA Industrial Estate,
P.O.: R.K. Mission, P.S.: Asansol,
Burdwan, West Bengal – 713 305

VERSUS

Commissioner of C.G.S.T. and Central Excise : Respondent
Bolpur Commissionerate,
Nanoor Chandidas Road, Sian, Bolpur,
Birbhum, West Bengal – 731 204

APPEARANCE:

Shri S.K. Goyal, Chartered Accountant,
For the Appellant(s)

Shri B.K. Singh, Authorized Representative,
For the Respondent

CORAM:

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

FINAL ORDER NOs. 75967-75974 / 2026

DATE OF HEARING: 21.07.2026

DATE OF DECISION: 04.08.2026

ORDER: [PER SHRI R. MURALIDHAR]

The brief facts of the case are that, the appellant-company, M/s. Great Eastern Energy Corporation Ltd., is engaged in the extraction of Natural Gas from Coal Bed Methane Wells and brings the same to their factory through underground pipelines. At the factory, they undertake compression of Natural Gas and filled into cascades/cylinders. The Compressed Natural Gas (CNG) is cleared in cylinders to M/s. Indian Oil Company Ltd. on payment of Central Excise Duty. The dispute, however, is with reference to clearances made in cascades during the period under dispute. Such clearances were made to the premises of their customers where they had installed Pressure Reducing Skids (PRS) wherein the CNG was subjected to decompression to make Natural Gas which was delivered to their customers. No Central Excise Duty was paid by the assessee on such clearances. The Department was of the view that Central Excise Duty will be payable on such gas. Periodical Show Cause Notices were issued, which culminated in confirmation of the total demand of Rs.8,97,80,202/- along with interest and penalty on the appellant-company, and penalty on the second appellant [Shri Yogendra Kumar, Modi, Chairman – CEO], vide the Orders-in-Original all dated 21.02.2022. On Appeal, the Commissioner (Appeals) vide the impugned order has affirmed the demands. Hence, the appellants have filed these appeals before the Tribunal.

1.1. The details of the present Appeals have been summarized in the Table provided below: -

Sl. No.	CESTAT Appeal No.	Order by JC Bolpur	Period	Total Demand
1	**Case No**: E/75999/2023	04/JC/BOL/2022-23 dated 21.04.2022	Sept'07 to Sep'08	**GEECL:** Duty of Rs. 10,06,936/-, Interest u/s 11AB Penalty of Rs. 10,06,936/-
	Case No: E/76002/2023			**Yogendra Modi**: Penalty of Rs. 5,00,000/-
2	**Case No**: E/76004/2023	05/JC/BOL/2022-23 dated 21.04.2022	Jan'08 to Sep'08	**GEECL:** Duty of Rs. 16,21,914/-, Interest u/s 11AB Penalty of Rs. 16,21,914/-
	Case No: E/76001/2023			**Yogendra Modi:** Penalty of Rs. 5,00,000/-
3	**Case No**: E/76003/2023	06/JC/BOL/2022-23 dated 21.04.2022	Jul'08 to Sep'08	**GEECL:** Duty of Rs. 5,20,823/-, Interest u/s 11AB Penalty of Rs. 5,20,823/-
	Case No: E/76005/2023			**Yogendra Modi:** Penalty of Rs. 1,00,000/-
4	**Case No**: E/76006/2023	07/JC/BOL/2022-23 dated 21.04.2022	Oct'09 to Jan'17 & July'17 to Sep'20	**GEECL:** Duty of Rs. 8,66,30,529/-, Interest u/s 11AB Penalty of Rs. 2,07,59,720/-
	Case No: E/76007/2023			**Yogendra Modi:** Penalty of Rs. 47,00,000/-
	Total Duty Demand on GEECL: Rs. 8,97,80,202/-			
	Total Penalty on GEECL: Rs. 2,39,09,393/-			
	Total Penalty on Yogendra Modi: Rs. 58,00,000/-			

2. The Ld. Counsel appearing for the appellants, submits that the natural gas was compressed into cascades only for the purpose of transportation to the customers' premises; however, the CNG is decompressed and sold only as Natural Gas to the customers and hence no duty is liable.

2.1. He submits that the issue is no more *res integra*. It is pointed out that the very same issue was raised by the Revenue against the present appellant-company, for the period October 2008 to April 2010, wherein the facts are identical; the Adjudicating authority confirmed the demand; on Appeal, the Commissioner (Appeals) had set aside the demand and allowed the appeal; being aggrieved, the Revenue preferred an Appeal before the Tribunal; the Revenue's Appeal No. E/948/2011 was dismissed by the Tribunal holding the activity undertaken by the appellant does not amount to manufacture in terms of Section 2(f) of the Central Excise Act, 1944 and the Tribunal refused to interfere with the Order-in-Appeal passed by the Commissioner (Appeals).

2.2. He further submits that similar issue was before the Hon'ble Allahabad High Court in the case of *Bhushan Steel Ltd. v. Commissioner of Commercial Taxes [2017 (354) E.L.T. 561 (All.)]* wherein the Hon'ble High Court held that when the Natural Gas is compressed for the purpose of transportation, the same cannot be treated as CNG for taxing purpose.

2.3. Accordingly, it is prayed that the impugned demand imposing Excise Duty, interest and penalty on the appellant-company be set aside and the appeals may be allowed

3. So far as the penalty on the second appellant is concerned, the Ld. Counsel submits that he has classified the goods as non-excisable as per the industry practice and based on the decision of the Tribunal in their own case (supra). It is submitted that when the Tribunal itself has affirmed the interpretation in favour of the appellants in the previous case, no case can be made out against the second appellant [Chairman of the company] for imposing penalty on him. Accordingly, the penalty imposed on the second appellant is requested to be set aside.

4. The Ld. Authorized Representative, appearing on behalf of the Revenue, submits that the process undertaken by the appellant results in a manufactured product in terms of Section 2(f). Therefore, he justifies the confirmed demands and penalties.

5. Heard both the sides.

6. On going through the present proceedings and the earlier proceedings taken up for the period 2008-09, we find that factually they are same throughout the period. We find that in respect of the earlier proceedings, the issue had reached this Tribunal with Revenue filing an appeal. The Tribunal vide **Final Order No.77098/KOL/2017 dated 31.08.2017 in Appeal No. E/948/2011**, has held as under: -

> *"6. After hearing both sides and on perusal of the material available on record, we find that Note 5 to Chapter 27 is crucial to the dispute in hand. The said Chapter Note is reproduced below :*
>
> > *"5. In relation to natural gas falling under heading 2711, the process of compression of natural gas (even if does not involve liquefaction), for the purpose of marketing it as Compressed Natural Gas (CNG), for use as a fuel or for any other purpose, shall amount to 'manufacture'."*

7. In the impugned order, the Commissioner (Appeals) has discussed the issue at length as follows :

> *"9. A careful reading of this Chapter Note would reveal that it is not merely the process of compression of natural gas which amounts to manufacture; such compression of natural gas should be for the purpose of marketing it as CNG. In other words, only when the appellant sells the gas as CNG to the industrial consumers will the process of compression amount to manufacture.*
>
> *10. In the case of the appellant, it is seen that the CNG is cleared from the factory to the premises of the industrial consumers. The appellant has at the consumers' premises installed skids, at their own cost, which help in decompressing the CNG. After decompressing the CNG, it no longer remains CNG. It is then natural gas at normal pressure of 2 barg or less. It is this gas which is sold by the appellants to the industrial consumers. The terms of contracts between the appellant and the industrial consumers are very clear. Thus, as the marketing and sale of such natural gas by the appellant to the industrial consumers is not as CNG, therefore, the process undertaken by the appellant in their factory in compressing the natural gas to CNG does not amount to manufacture. On going through the impugned order, I find that the lower authority has missed this crucial aspect. The appellant during the course of the hearing produced copies of contracts entered into with the industrial consumers, in terms of which the purchase of the gas by the industrial consumers is to be at normal pressure (less than 2 barg). Further, in terms of the contracts, the sales take place at the premises of the buyers and for which the element of freight is included in the price of the goods. In other words, the marketing of the goods is done not as CNG but as natural gas at normal pressure. In view of these facts, as rightly stated by the appellant, the compression of the gas to CNG and its carriage to the premises of the industrial consumers in cascades is only for ease of transportation.*

> *11. I, am, therefore, of the view that the appellant has not manufactured CNG within the meaning of Section 2(f) of the Central Excise Act, 1944 read with Note 5 to Chapter 27 of the Central Excise Tariff. In that case, there is no question of payment of any duty by the appellant."*
>
> *8. We note that even though the Natural Gas is transported to the customers' premises in compressed form, such process of compression has been done for the purposes of transportation only. Such process cannot be considered as a process of manufacture, since the goods are sold not as CNG but as Natural Gas.*
>
> *9. In view of the above discussions, we find no reason to interfere with the impugned order and the same is hereby sustained along with the reasons mentioned therein."*

[emphasis supplied]

7. On going through the Order-in-Original, the Adjudicating Authority in Paragraph 5.1 has stated that the Revenue had filed Appeal No.CEXA/2018 -GA 1082/2018 and GA 1083/2018, which was withdrawn on account of Monetary Limit specified under Instruction F. No. 390/Misc/116/2017 – JC dated August 22, 2019.

8. From the above Instruction, we find that under Paragraph 4 it has been stated that "*issues involving substantial questions of law as described in para 1.3 of instruction dated 17.8.2011 from F.No.390/Misc/163/2010-JC would be contested irrespective of the prescribed monetary limit*."

9. While the issue as to whether the goods in question would fall under CNG so as to attract Excise Duty or would not fall under CNG, has an all India ramification, the issue definitely falls within the Paragraph 4 of the Instruction dated 22.8.2019. But still, the Revenue has not pursued the Appeal before the Hon'ble High Court.

10. We have come across another instance of an Appeal on such issue before this Tribunal in the case of *M/s. Essar Oil and Gas Exploration and Production Limited (formerly known as Essar Oil Limited) Vs. Commissioner of C.G.S.T. & C.X., Bolpur* - Appeal No. ST/75349/2018. The Bench passed the **Final Order Nos. 76126-76127/2024 dated 12.06.2024**. The relevant portions are reproduced below:

> *"The Appellants were issued Show Cause Notice on the following grounds:-*
>
> *(1) <u>The Appellants were selling the CBM which is a manufactured product and which is exempted from payment of duty</u>. The Appellants were taking Cenvat Credit for the services utilized for provision of transportation of gas through pipelines. This amounts to taking credit commonly for both exempted goods and the taxable service….*
>
> .
> .
> .
>
> *4. The Ld. Chartered Accountant appearing on behalf of the Appellant submits that <u>the activities undertaken by them is only to extract the CBM from the well and to compress it to a very small extent so that the same is transported to the receiving client through pipelines. He submits that this does not amount to manufacture. He draws our attention to the Chapter Note No.5 of Chapter 27, which deals with Compressed Natural Gas (CNG). He submits that admittedly there is no allegation in the Show Cause Notice that the Appellant has been extracting or manufacturing CNG</u>. He also takes us through to some of the invoices raised by them on their client showing that they have been selling CBM and also paying the VAT treating the same as goods. He relies on the detailed finding of the Adjudicating Authority dropping the demand of Rs. 11,12,41,507/-.*
>
> …
>
> *6. On going through the appeal papers and several documentary evidences filed by the Revenue, we find from the Page No.27 of the submissions made by Revenue that after filing the Appeal, the Department has directed the Assistant Commissioner, Anti-Evasion to visit the unit of the*

Appellant and give a verification report on the activity undertaken by them. The Assistant Commissioner vide his Report dated 20.03.2018 has given the following report:-

> *"Acting on intelligence, a team of Head Quarter Anti-Evasion unit of the erstwhile Durgapur, Central Excise & Service Tax, Commissionerate had visited the factory premises of M/s. Essar Oil Limited, CBM Raniganj Project on 14.03.2017. During the visit statement of Sri Debaraj Jena, Son of Shri Prafulla Kumar Jena, Designation – Senior Manager-F&A of M/s. Essar Oil Limited was recorded under Section 14 of Central Excise Act, 1944. In his statement Sri Jena inter-alia stated that their only product is Coal Bed Methane (CBM) gas and they do not supply CBM to any gas station for use as automobile fuel. From the Sales register submitted by M/s. Essar Oil Limited, it is noticed that they did not supply CBM to IOCL, BPCL & HPCL during the last five years <u>They are supplying CBM mainly through pipeline to various parties for industrial use.</u> They are paying Service Tax against transportation of gas through pipeline.*
>
> *M/s. Essar Oil & Gas has cited exemption <u>Notification No.12/2012-CE dated 17.03.2012 claiming that their product did not meet the criteria to be classified as CNG. They depressurized their CBM before delivery to their clients. They only undertook compression for the purpose of transportation. They cited general Circular No.14/2001 dated 04.06.2001 for this purpose.</u>*
>
> *It is seen that M/s.Essar Oil & Gas apply pressure of maximum 225 PSI which is equivalent to 15.819075 Kg/Cm2, a prerequisite for the natural gas to become dutiable as mentioned in the Board's letter F.No.B.1/3/2001-TRU dated 21.05.2001. <u>Natural Gas is not chargeable to Duty of Excise as per Chapter 27 Sl.No.84 of General Exemption under Notfn. No.12/2012-CE, dated 17.03.2012 as amended</u>.*
>
> *In view of the above, instant case proceedings initiated against M/s. Essar Oil Limited,*

> *Village/PO Gopalpur, PS Kanksha, Durgapur 713212 are treated to be concluded.*
>
> *This issues with the approval of the Commissioner of CGST Bolpur Commissionerate ."*

7. The Adjudicating Authority has given the following detailed findings in the Order-in-Original: -

> *"….*
>
> *6.13 I find that there is another allegation in the first part that the said noticee was also liable for registration under Rule 9 of the Central Excise Rules, 2002, for being engaged in the manufacture of such goods. In this regard the notice has contended that they extract CBM Gas from the gas wells and for transporting the gas over long distances, the gas is compressed by them by applying maximum 200-225 psi of pressure for enabling seamless transportation of the same. The compression that they undertake on the gas is by applying very low pressure that is upto 200-225 psi. <u>This compression does not result in the CBM gas being marketable as Compressed Natural Gas (CNG for short) since for marketing a gas as CNG, the same is required to be compressed at 2900-3600 psi of pressure. They have further contended that the undisputed and admitted position is that the compression that is undertaken by them on the CBM gas is only for the limited purpose of facilitating the transportation of the same through pipeline. The compression is not for the purpose of marketing the CBM gas as CNG</u>."*

8. Therefore, considering the Conclusion Report C.No.II(8) 89/AE/Essar Oil/CE/BOL/2017/1540 dated 20.03.2018 <u>with the decision of the Department to treat the issue as closed and the detailed findings given by the Adjudicating Authority, we do not see any reason to interfere in with the Order-in-Original. Accordingly, the Appeal filed by the Revenue is rejected</u>."

[emphasis supplied]

11. It is observed that even in the *Essar* Case referred to above, the Commissionerate was Bolpur, which is the present Commissionerate in this case. This Commissionerate has caused verification and has concluded that compression of Natural Gas for transportation purpose does not amount to manufacture of CNG.

12. The above two case laws make it clear that the activity of compression taken up by the appellant for transportation does not amount to manufacture in terms of Section 2(f) of the CEA 1944. We observe that to the factual matrix of the present proceedings, the ratio laid down in these case laws are squarely applicable. Therefore, following the ratio laid down in the cited case laws, we set aside the impugned confirmed demand, along with interest and penalty, and allow the appeals filed by the appellant-company.

13. As the main demand pertaining to the appeals filed by the appellant-company has been set aside on merits, the penalties imposed on the second appellant [Chairman-CEO] also do not survive. We set aside the penalties imposed on the second appellant and allow his appeals.

14. The appeals stand allowed, with consequential relief, if any as per law.

(Order pronounced in the open court on **04.08.2026**)

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

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

Sdd