GOODS AND SERVICES TAX APPELLATE TRIBUNAL
THIRUVANANTHAPURAM BENCH
<u>Division Bench :: Court No. I</u>
<u>(e-hearing)</u>

APPEAL NOS: APL/1/TVP/2026

M S STEELS ....**Appellant**

Versus

THE COMMISSIONER OF KERALA STATE GST, THIRUVANANTHAPURAM ....**Respondent**

Counsel for Appellant
Unnikrishnan M, CA

Counsel for Respondent
Mansur M I, JC, AR

CORAM:
Hon’ble Shri Subramanya V Rayaprol, Member (Judicial)
Hon’ble Shri Ramamoorthi Sriram, Member (Technical)

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<u>FINAL ORDER NO: 01/TVP/KERALA/2026</u>

Date of Hearing: 31-7-2026
Date of Order: 14-8-2026

Per: Shri Ramamoorthi Sriram, Member (Technical)

The present appeals are directed against the Order-in-Appeal No. GSTA No. 77/2022 dated 02.11.2022 passed by Joint Commissioner of State Tax (Appeals), Thiruvananthapuram.

1.0 Question of Law Involved

Whether the first Appellate Authority is right in confirming the penalty under section 129 of Central Goods and Services Act / Kerala Goods and Services Act 2017 on the registered person for transport of goods without e-way bill when such transport was undertaken on account of stock transfer?

2.0 Brief Facts of the Case : The facts of the case are that the appellant M/s M.S. Steels (GSTIN: 32AADFM9241J1ZA), a Partnership Firm dealing in steel goods was transporting steel goods on 13.06.2022 under Delivery Challan No. M120 — a same-GSTIN intra-firm stock movement from its own premises to its own godown. The vehicle was intercepted by Mobile Squad No. II, Thiruvananthapuram and detained under Section 129(1) of the CGST/KGST Act, 2017 on the ground that no e-Way Bill was available. After proceedings, a penalty of Rs.1,34,640 (CGST Rs.67,320 + SGST Rs.67,320) was imposed under Section 129(3) — with no tax demand. To secure release of the goods, full penalty was paid via CPIN 22063200032740 dated 14.06.2022. A First Appeal filed before the Joint Commissioner of State Tax (Appeals), Thiruvananthapuram was dismissed vide Order-in-Appeal No. GSTA No. 77/2022 dated 02.11.2022. The Appellant, being aggrieved, files this Second Appeal.

3.0 Grounds of Appeal / Submissions of the Appellant:

3.1 The most important and primary grounds of appeal are that:

(i) First Appellate Authority has mechanically confirmed penalty under Section 129 merely on the ground that e-way bill was not available, without appreciating that the movement was an internal movement between locations of the same GSTIN, supported by delivery challan, and not an outward taxable supply to any customer.

(ii) Penalty under Section 129 computed with reference to "tax payable" is unsustainable where the movement was only between locations of the same GSTIN and did not constitute a taxable supply. The goods were being moved under Delivery Challan No. M120 dated 13.06.2022 between locations of the appellant under the same GSTIN. The movement was not pursuant to a sale invoice and was not an outward taxable supply to any customer.

(iii) The expression "tax payable" as referred to in Section 129(1) cannot be read in isolation. Tax becomes payable under the GST law only when the charging provision is attracted. The charging provision under Section 9 of the CGST/KGST Acts operates only on an intra-State supply of goods or services or both. Therefore, for any tax to be payable under Section 9, there must first be a taxable event in the nature of "supply" under Section 7. In the present case, the movement was not a supply under Section 7. It was only an internal movement / stock transfer between locations of the same registered person under the same GSTIN. The movement was not made to a customer, was not made under a tax invoice, and was not a sale or transfer to another taxable person.

(iv) In the absence of a supply under Section 7, the charging provision under Section 9 does not operate. If Section 9 does not operate, there is no tax payable on the movement. Consequently, penalty under Section 129, which is computed with reference to tax payable on such goods, could not have been mechanically computed by applying the rate of tax on TMT bars to the value shown in the delivery challan.

(v) The appellant relies on the judgment of the **Hon'ble Bombay High Court in Fabricship Pvt. Ltd. v. Union of India, 2024 (90) G.S.T.L. 302 (Bom.) / (2024) 20 Centax 84 (Bom.).**

3.2 The appellant also made extensive submissions on alternate grounds which are summarized as follows:

(i) The impugned Order-in-Appeal has erred in treating the transaction as "not genuine" merely because e-way bill was not available and had proceeded to go beyond the scope of the original notice. They relied on **Vacmet India Ltd. v. Additional Commissioner Grade-2 (Appeal), 2024 (81) G.S.T.L. Page 15 of 101 149 (All.) / (2023) 12 Centax 156 (All.)** in support of the above contentions.

(ii) The Order-in-Appeal confirms the penalty by holding that transportation without e-way bill makes the transaction not genuine. This is an impermissible presumption. Absence of e-way bill may be a statutory contravention, but it does not automatically establish evasion of tax or non-genuineness of the movement. The appellant relies on the judgment of the Hon'ble Allahabad High Court in **Goverdhan Oil Mill v. Additional Commissioner, (2025) 32 Centax 368 (All.**).

(iii) Once the tax-linked penalty under Section 129 fails for want of tax payable, the alleged contravention, if any, falls under the specific document-related penal provision under Section 122(1)(xiv). The penalty should have been limited to Rs.20,000/- (CGST Rs.10,000 and SGST Rs.10,000). The Department could not bypass the statutory requirement of "tax payable" under Section 129 and impose penalty by notionally applying the GST rate to a non-supply stock movement.

(iv) Penalty under Section 129 cannot be imposed mechanically merely upon noticing a movement-document lapse. The consistent judicial view now is that proceedings under Section 129 cannot be sustained in the absence of intent to evade tax, particularly where the goods, movement and transaction are otherwise disclosed. The appellant relies on the principles recognized by the Hon'ble Delhi High Court in **Kamal Envirotech Pvt. Ltd. v. Commissioner of GST, 2025 (94) G.S.T.L. 345 (Del.) / (2025) 26 Centax 332 (Del.),** wherein it was held that the principles under Section 126 requiring moderation in penalty, and non-imposition of penalty for minor breaches or procedural lapses without fraudulent intent or gross negligence, cannot be ignored while considering penalty under Section 129.

4.0 CA Unnikrishnan M, Counsel appeared for the appellant and argued vehemently reiterating the above grounds of appeal.

5.0 **Submissions of the Respondent / Revenue:** Shri Mansoor MI , learned Joint Commissioner / Authorized Representative appeared for the respondent /Revenue and made the following submissions in defense of the order in appeal:

(i) Rule 138(1) of the CGST/KGST Rules, 2017 requires every registered person who causes movement of goods of consignment value exceeding Rs. 50,000/- to generate an e-way bill "in relation to a supply", "for reasons other than supply", or "due to inward supply from an unregistered person". The requirement to generate an e-way bill is thus not confined to movements that constitute a taxable supply; the contravention of Rule 138A therefore stands regardless of whether the movement is ultimately characterized as a taxable supply.

(ii) Section 129(1) is a self-contained, non-obstante machinery provision for detention and release of goods and conveyances found in contravention of the movement-document requirements of the Act; it does not require the proper officer to first establish an independent taxable supply under Section 7 read with Section 9 before detention and penalty can follow. The expression “tax payable on such goods” in Section 129(1)(a) is a measure for quantifying the penalty by reference to the value and the rate of tax ordinarily applicable to goods of that description; it does not require proof that an actual completed supply occurred. TMT bars are ordinary taxable goods, not exempted goods, and the concessional second limb of Section 129(1)(a) (applicable to exempted goods) accordingly has no application here.

(iii) Fabricship Pvt. Ltd. v. Union of India (Bom.), relied upon by the Appellant, is distinguishable on this basis: that case concerned goods that were themselves exempt from duty, and the Court accordingly applied the concessional formula prescribed for exempted goods. No parallel concession is available here, since TMT bars are not exempt goods, whatever the character of the particular movement.

(iv) Section 68 read with Rule 138A mandates that a valid e-way bill accompany the movement of goods exceeding Rs.50,000/- in value, in addition to the delivery challan or other prescribed document.

(v) In the present case, no e-way bill was generated at all. This is a total and uncured default, qualitatively different from an expired or partially defective e-way bill, and the finding that the transaction was not genuine for want of any e-way bill whatsoever is sustainable on the material on record.

(vi) Section 129, unlike Section 130 (confiscation), does not require the Department to establish intent to evade tax as a jurisdictional precondition; it is attracted upon mere contravention of the movement-document requirements of the Act and Rules. The penalty under Section 129 is in the nature of a civil liability flowing automatically from such contravention, and is not penal in the criminal sense requiring proof of a guilty mind.

(vii) The Hon'ble Supreme Court in Guljag Industries v. Commercial Taxes Officer, (2007) 7 SCC 269, dealing with an analogous documentation requirement for goods in transit, held that liability for transporting goods without the prescribed transit form is a civil liability arising on mere contravention, akin to payment of interest, and that mens rea is not an essential ingredient for such penalty.

(viii) The Hon'ble Supreme Court in Union of India v. Dharmendra Textile Processing Mills, (2008) 13 SCC 369, similarly held that penalty for statutory contravention is ordinarily a civil sanction not requiring proof of mens rea unless the statute expressly so demands.

(ix) Goverdhan Oil Mill (All.), to the extent it holds that a stock transfer attracting no tax liability cannot attract penalty for want of intention to evade tax, does not account for the independent operation of Rule 138(1)(ii), which mandates an e-way bill for movement of goods "for reasons other than supply" irrespective of whether the movement is ultimately taxable; the statutory contravention on which Section 129 is founded survives regardless of the tax character of the underlying movement, as submitted above.

(x) The Appellant's reliance on Hindustan Steel Ltd. v. State of Orissa, 25 STC 210, does not assist: that decision recognizes a discretion to withhold penalty for a technical or venial breach or a bona fide belief of non-liability — it does not hold that intent to evade tax is a precondition for penalty — and has since been read down by Dharmendra Textile Processing Mills to the extent it was understood as importing a mens rea requirement into strict statutory penalty provisions.

(xi) A perusal of the Order-in-Appeal dated 02.11.2022 shows that the Appellant's first appeal was confined to two contentions: (i) that the movement between head office and depot was not a supply and involved no mens rea, relying on Sanskruthi Motors, Satyam Shivam Papers, and Hindustan Steel Ltd.; and (ii) that the same officer having investigated and adjudicated the matter, the order was vitiated by bias. **No contention that Section 122(1)(xiv), rather than Section 129, was the appropriate provision was raised, argued, or considered at the first appellate stage.** This is a distinct statutory-construction argument going to which of two provisions properly governs the contravention, and ought to have been raised at the earliest opportunity so that the First Appellate Authority had occasion to examine and rule upon it. Its introduction for the first time in second appeal denies both the Department and the first appellate forum that opportunity.

(xii) Section 129 opens with a non-obstante clause and operates specifically and independently at the stage of detention and release of goods and conveyances in transit; it is not displaced merely because Section 122(1)(xiv) also separately penalizes transport without prescribed documents in a different context. Kamal Envirotech Pvt. Ltd. (Del.), relied upon by the Appellant, does not hold that Section 122(1)(xiv) ousts Section 129; it treats Section 129 as a self-contained release-and-penalty mechanism, read harmoniously with the moderation principles of Section 126.

(xiii) Kamal Envirotech reads Section 129 in harmony with Section 126, and extends that harmonious reading to breaches falling within the description of a “minor breach” in the Explanation to Section 126(1) — tax involved less than Rs. 5,000/- and an error apparent on the face of the record, easily rectifiable. The penalty confirmed here — Rs. 67,320/- CGST and Rs. 67,320/- SGST — is considerably higher, and the default — total non-generation of e-way bill — is not, on the Respondent's submission, of the same character as the errors that decision was addressing.

(xiv) The discretion recognized in Hindustan Steel Ltd. to refrain from imposing penalty for a technical or venial breach was considered by the First Appellate Authority and was, on the facts before it, exercised against the Appellant; the Respondent submits that no fresh ground has been shown to depart from that view. The penalty has, in any event, been computed strictly in accordance with the statutory formula under Section 129(1)(a).

6.0 Discussion and findings.

6.1 We have carefully considered the submissions made by both sides and perused the records. The core issue to be decided is whether a penalty under section 129 of the CGST / KGST Act 2017 is leviable on goods which are being transported by way of stock transfer from one registered premises of the assessee to another registered premises of the assessee, for the only reason that it was not accompanied by an e-way bill as stipulated in the GST Act and Rules**.** On perusal of the appellate order, we find that except for repeatedly stressing on the lack of E way bill, the Appellate Authority has not stated any reasons / grounds for holding the transaction to be not genuine.

6.2 The following facts are not in dispute:

(a) The impugned goods were being transported under delivery challan from one registered premises of the assessee to another registered premises of the assessee.

(b) They were intercepted and detained during transit as they were not accompanied by a e-Way Bill as mandated under Section 68 of the GST Act read with Rule 138(1)(ii) / 138 A of the GST Rules.

(c) After proceedings, a penalty of Rs. 1,34,640 (CGST Rs. 67,320 + SGST Rs. 67,320) was imposed under Section 129(3) — with no tax demand.

(d) Except for the non-availability of e-Way bill, no other allegation / finding of fraud, or any willful-misstatement or suppression of facts to evade tax, has been made against the Appellant, either in the show cause notice or in the Order in original / Order in Appeal.

(e) The Order in Appeal while labelling the transaction as not genuine has not provided any reasons for the above, other than fact that the -E way Bill was not produced.

6.3 We find that in the instant case penalty has been levied under section 129(1) of the CGST /KGST Act 2017 on goods which were being transported on account of stock transfer. The relevant section is reproduced under:

129. Detention, seizure and release of goods and conveyances in transit.

(1) Notwithstanding anything contained in this Act, where any person transports any goods or stores any goods while they are in transit in contravention of the provisions of this Act or the rules made thereunder, all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyance shall be liable to detention or seizure and after detention or seizure, shall be released, —

1[(a) on payment of penalty equal to two hundred per cent. ***of the tax payable on such goods*** *and, in case of exempted goods, on payment of an amount equal to two per cent. of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods comes forward for payment of such penalty;(emphasis supplied).*

6.4 From the above, it is clear that any penalty under the said section is leviable only in terms of the tax payable on such goods. We now proceed to examine what was the tax payable on the impugned goods.

6.5 We find that the relevant portion of the charging section, viz section 9 of the CGST / KGST Act, reads follows:

> *"there shall be levied a tax called the central goods and services tax on* ***all intra-State supplies of goods*** *or services or both". (emphasis supplied)*

6.6 The present case before us involves goods and the term intrastate supply of goods is defined section 2(64) of the CGST Act / KGST as follows:

> *"intra-State supply of goods" shall have the same meaning as assigned to it in section 8 of the Integrated Goods and Services Tax Act;*

Proceeding further to section 8 of the IGST ACT, we find that the relevant portion of the said section reads as follows:

- ***supply*** *of goods where the location of the supplier and the place of supply of goods are in the same State or same Union territory shall be treated as intra-State supply (emphasis supplied)*

6.7 Cycling back to the statutory definition of supply under section 7(1) of the CGST / KGST Act, we find that relevant portion of the said section reads as follows:

7. Scope of supply.

(1) For the purposes of this Act, the expression "supply" includes—

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be **made for a consideration** by a person in the course or furtherance of business;

6.8 Whether the impugned stock transfer transaction would amount to supply is the next question. We find that for a transaction to be categorized as a supply under the above section, it necessarily has to involve two persons / entities who are the two different parties between whom such sale/transfer/exchange/ license/ rental/ lease or disposal takes place. In the instant case there is only one party, viz the appellant and there is no second party to the transaction and there is also no consideration involved in the said stock transfer transaction.

6.9 We therefore find that:

(a) the transaction in question would not be a supply as defined under section 7 of the CGST /KGST Act 2017

(b) Once it is not a supply simpliciter, there is no question of it being an intra state supply.

(c) Once it is determined that it is not an intra state supply, it would be dehors the charging section – section 9 of the CGST/KGST Act- and therefore is no tax payable on the impugned goods.

6.10 Once a determination has been made that tax on the goods is non est, it stands to reason that penalty under section 129(1) of the CGST/KGST Act (which is to be determined in terms of such tax payable), is not leviable. For the foregoing reasons, we find that order of the appellate authority is not legal and is liable to be set aside.

7.0 We find support for the above decision in the decision of the Honorable Bombay High Court in

7.1 Fabricship Pvt. Ltd. v. Union of India, 2024 (90) G.S.T.L. 302 (Bom.) / (2024) 20 Centax 84 (Bom.) relevant extracts of which are reproduced under:

"11. Section 129(1)(a) of the MGST Act provides for penalty equal to one hundred per cent of the tax payable on goods detained or seized. ***The phrase "tax payable" would contemplate that the transaction is liable for tax and on which the tax becomes payable****. In the instant case, when the machinery is being transported from JNPT to petitioner's factory after Customs clearance, there is no tax payable under the GST Act. Section 9 of the MGST Act levies tax on all intra-State supplies of goods or services or both and such a tax shall be paid by the taxable person. Section 7(1)(a) of the MGST Act defines "supply" to include all forms of supply of good or services or both such as sale, transfer, barter, exchange, license, etc made or agreed to be made for a consideration by a person in the course or furtherance or business. Admittedly Sections 7(1)(b) and 7(1)(c) are not applicable and the transaction under consideration also does not fall within Schedule I, II and III to the Act. In the instant case, when petitioner imports machinery and after Customs clearance transports the said machinery to its own factory, it cannot be said that such a transportation would fall within the definition of the term "supply" as defined by Section 7. This is so* ***because for a "supply" to fall under Section 7 there has to be more than one person or entity between whom the transaction of supply should take place.*** *The illustrations given in Section 7(1)(a) namely sale, transfer, barter, exchange, etc fortifies the requirement of existence of more than one person to fall within the expression "supply", which is not satisfied in the present case since machinery is being transported by petitioner to its own factory. Secondly, the supply has to be for a "consideration". Section 2(31) of the MGST Act defines "consideration" to include any payment made or to be made or the monetary value of any act or forbearance. In the instant case, when petitioner transports his*

machinery to its own factory there cannot be any consideration as defined in section 2(31).

*12. Therefore, in our view, **the activity of transport of machinery from JNPT to petitioner's own factory would not fall within Section 7 which deals with scope of supply and consequently in the absence of any supply, and absence of consideration the charging Section 9 also would not get attracted so as to make petitioner liable to pay any tax."***

7.2 We also find support reinforcement for our decision in the following judgements:

(a) Judgement dated 17/10/23 of the honorable Allahabad High Court in the case of **VACMET INDIA LTD. Versus ADDITIONAL COMMISSIONER GRADE-2 (APPEAL) (2023) 12 Centax 156 (All.)** wherein the honorable High Court held as follows:

*14. Since the goods in question were stock transfer from one Unit to another within the State of Uttar Pradesh (Agra to Mathura) and **in absence of any provision being pointed out by the learned ACSC or any authority below that the goods (stock transfer) in transit were liable for payment of tax, no evasion of tax could be attributed to the goods in question. Once there was no intention to evade payment of tax, the entire proceedings initiated against the petitioner are vitiated and are liable to be set aside.***

(b) Judgment dated 10/4/2024 of the Honorable Allahabad High Court in the case of **GOVERDHAN OIL MILL Versus ADDITIONAL COMMISSIONER (2025) 32 Centax 368 (All.) wherein the Honorable High court held as follows:**

5. Upon perusal of the judgments cited above by the petitioner, I am of the view that ***in the case of stock transfer, there is no liability of any payment of tax. Accordingly, there can be no intention to evade tax whatsoever. In the present case, the authorities did not dispute the fact that the movement of the goods was in relation to stock transfer. Accordingly, penalty imposed under Section 129(3) of the Act is without any basis in law and is liable to be set aside.***

8.0 We now proceed to examine the contentions made by the learned AR for the Revenue:

(i) We find that one of the main arguments of the learned AR is that the expression "tax payable on such goods" in Section 129(1)(a) is only a measure for quantifying the penalty by reference to the value and the rate of tax ordinarily applicable to goods of that description and that it does not require proof that an actual completed supply occurred. We find that this line of argument has been comprehensively rejected in the judgement of the Bombay High Court in the case of Fabricship supra wherein the Court had categorically and unambiguously held that ***The phrase "tax payable" would contemplate that the transaction is liable for tax and on which the tax becomes payable***.

(ii) The next contention of the Revenue is that- Fabricship Pvt. Ltd. v. Union of India (Bom.), relied upon by the Appellant, is distinguishable on this basis: that case concerned goods that were themselves exempt from duty, and the Court accordingly applied the concessional formula prescribed for exempted goods. No parallel concession is available here, since TMT bars are not exempt goods, whatever the character of the particular movement. We find that that the above said contention of the respondent is a red herring, based on a total misreading of the said judgement. We find that the fact that in the Fabricship India case, the goods were exempted goods cannot disparage the ratio decidendi of the said case which is clear and unambiguous to the effect wherever a transaction does not involve two distinct entities and where there is no consideration, the said transaction would fall outside the purview of the charging section of CGST Act and hence would be dehors section 129 of the CGST Act. In the present case before us, the transaction in question does not fall under the definition of supply as defined under section 7, firstly, for the reason that it did not involve two separate entities and secondly, for the reason that there was no consideration whatsoever. We find that the above ratio in the case of Fabricship India supra, is applicable mutatis mutandis to the case before us, notwithstanding the fact that the goods in the Fabricship India were exempted goods, and the attempts of the Revenue to distinguish the above case are not based on any sound legal principles.

(iii) The next contention is of the learned DR is that in the present case, no e-way bill was generated at all and the finding that "the transaction was not genuine for want of any e-way bill whatsoever is sustainable on the material on record". We have thoroughly perused the crucial documents such as show cause notice, order in original and order in appeal and find that in the absence of any allegation, leave alone evidence, regarding non genuineness of the transaction, the above said contention of the DR is not backed by any material on record.

(iv) Yet another contention of the learned DR is that Goverdhan Oil Mill (All.), to the extent it holds that a stock transfer attracting no tax liability cannot attract penalty for want of intention to evade tax, **does not account for** the independent operation of Rule 138(1)(ii), which mandates an e-way bill for movement of goods “for reasons other than supply” irrespective of whether the movement is ultimately taxable; the statutory contravention on which Section 129 is founded survives regardless of the tax character of the underlying movement, as submitted under Issue 1 above. We have perused the relevant portion of the above decision in the case of Goverdhan Oil Mills which is reproduced below:

> *6.Upon perusal of the judgments cited above by the petitioner, I am of the view that in the case of stock transfer, there is no liability of any payment of tax. Accordingly, there can be no intention to evade tax whatsoever. In the present case, the authorities did not dispute the fact that the movement of the goods was in relation to stock transfer. Accordingly, penalty imposed under Section 129(3) of the Act is without any basis in law and is liable to be set aside.*

On a careful study of the above, contrary to the above submissions of the learned DR, the said judgement has only held that in case of stock transfer, penalty under section 129(3) is not leviable.

(v) If one were to take the above contention of the learned DR at face value, it amounts to stating that the above said judgement of the honourable Allahabad High court is per incuriam in respect of Rule 138(1)(ii) - which is clearly not the case, as analysed below:

> *Rule 138(1)(ii) reads as follows:*
>
> *138 (1) Every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees-*
>
> *(i) ---------------*

(ii) for reasons other than supply; or

(iii) ----------------------

shall, before commencement of such movement, furnish information relating to the said goods as specified in **Part A** of FORM GST EWB-01, electronically, on the common portal along with such other information as may be required on the common portal and a unique number will be generated on the said portal. The Hon'ble Allahabad High Court has nowhere said that EWB is not required in respect of cases other than supply. The true import of the above judgement is that in cases governed by Rule 138(1)(ii) penalty is not leviable under section 129(3). The natural corollary is that in such cases recourse will have to be had only to section 122(1)(xiv). We find the said judgement of the Allahabad High Court lays down the correct law and cannot be said to "not account for the independent operation of Rule 138(1)(ii)".

(vi) Having analysed the main grounds / pleadings made by both the parties and arrived at a decision, we do not wish to analyse further the minor / additional submissions made as they have no bearing on our decision.

9.0 In view of the above observations and the settled legal position, we answer the question of law (as framed in para 1.0 above) in the negative and hold that:

Penalty under section 129 of Central Goods and Services Act / Kerala Goods and Services Act 2017 is not leviable on the registered person, for transport of goods without e-way bill, when such transport was undertaken on account of stock transfer.

10.0 Based on the above ratio and findings, the following order is passed:

The impugned Order-in-appeal is set aside and the appeals of M/s. M.S. Steels are allowed, with consequential relief.

Order pronounced in open court on 14.08.2026.

Rayaprol Subramanya Viswanatha
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Subramanya V Rayaprol
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Ramamoorthi Sriram
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Dated: 14.08.2026