

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

REGIONAL BENCH - COURT NO.I

**Service Tax Appeal No.70427 of 2025**

(Arising out of Order-In-Appeal No.LKO-EXCUS-000-APP-404-24-25, dated - 19.07.2024 passed by Commissioner (Appeals) CGST & Central Excise, Lucknow)

**M/s Chauhan Enterprises**

**.....Appellant**

Proprietor: Shri Dhirendra Bahadur Singh,  
1/Village Mudiyan Kheda, Post- Bhagwant Nagar  
Unnao, Uttar Pradesh 209864)

*VERSUS*

**Commissioner, Central Excise & Service Tax, Lucknow**

**....Respondent**

(Apratyaksh Kar Bhawan, 3<sup>rd</sup> Floor, B-Block,  
Vibhuti Khand, Gomti Nagar, Lucknow, Uttar Pradesh 226001)

**APPEARANCE:**

Shri Dushyant Kumar, Advocate &  
Shri Vipnesh Kumar, Advocate for the Appellant  
Shri A. K. Choudhary, Authorized Representative for the Respondent

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

**FINAL ORDER NO.-70842/2025**

DATE OF HEARING : 27.10.2025  
DATE OF DECISION : 03.12.2025

**P. K. CHOUDHARY:**

The present appeal has been filed by the Appellant against the demand of Service Tax of Rs. 2,66,683/- under Section 73 of the Finance Act, 1994, and imposition of equal penalty under Section 78 of the Finance Act, 1994 vide the Adjudication order dated 26-05-2023 as further upheld by the learned Commissioner (Appeals) vide the impugned Order-in-Appeal dated 19-07-2024 which has been assailed in this appeal.

2 Briefly stated, the facts of the case are that the Appellant was engaged by Superintending Engineer, Electricity Distribution Circle, Madhyanchal Vidyut Vitaran Nigam Ltd.<sup>1</sup>, Unnao for collection of electricity bills, connection and disconnection of power supply and other miscellaneous activities such as mounting and commissioning of LT Distribution Boxes, erection of electricity poles and collection of revenue etc. The Learned Commissioner has observed that the Appellant has provided Franchisee services and therefore liable for payment of service tax.

3. The learned Advocate appearing on behalf of the Appellant has submitted that the Appellant has been engaged by M/s MVVNL for these miscellaneous essential public utility services in relation to transmission and distribution of electricity on their behalf. These services ancillary to transmission and distribution of electricity are specified under Section 66D(k) of the Finance Act, 1994 and thus exempted. Accordingly, Appellant is not liable to pay service tax for the said services. The learned Advocate has also referred to the orders of the Tribunal in support of his submissions :-

- (I) M/s Madhya Pradesh Poorva Kshetra Vidyut Vitran Co. Ltd. Vs. Commissioner of CGST & Central Excise, Jabalpur 2022 (67) GSTL 86 (Tri-Del)**
- (II) M/s Madhya Pradesh Poorva Kshetra Vidyut Vitran Co. Ltd. Vs. Principal Commissioner, CGST & Central Excise, Bhopal, Final Order No. 51031/2021 Dated 14.01.2021**

The Learned Advocate further stated that the Tribunal held that these services are covered under Section 66D(k) of Negative List of Services and therefore, not liable to service tax.

4. Learned Departmental Representative appearing on behalf of the Revenue justified the impugned order and prayed that the

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<sup>1</sup> MVVNL

appeal filed by the Appellant, being devoid of any merits, may be dismissed.

5. Heard both the sides and perused the appeal records.

6. I now proceed to take up the issues raised by the Appellant.

7. I find that the services provided by the Appellant have been treated as, 'Manpower Supply Services' by the Adjudicating Authority and "Franchisee Services" by the Commissioner (Appeals) Lucknow. But none of them have examined as to whether these services provided by the Appellant would be covered under the scope of transmission and distribution of electricity as specified under the Section 66D of Negative List of Services of Finance Act, 1994. It would be appropriate to examine the scope of exemption under the said provision of sub-section of Section 66D(k) which reads as under :-

***"(k) transmission or distribution of electricity by an electricity transmission or distribution utility;"***

Para-4.11 of the CBEC Education Guide has elaborately explained the scope of transmission and distribution of electricity as under:-

***"4.11- Transmission or distribution of electricity***

*4.11.1 What is the meaning of electricity transmission or distribution utility?*

*An 'electricity transmission or distribution utility' has also been defined in Section 65B of the Act. It includes the following -*

- *the Central Electricity Authority*
- *a State Electricity Board*
- *the Central Transmission Utility (CTU)*
- *a State Transmission Utility (STU) notified under the Electricity Act, 2003 (36 of 2003)*
- *a distribution or transmission licensee licensed under the said Act*
- ***any other entity entrusted with such function by the Central or State Government."***

8. Hence, the question that arises for consideration is whether the services provided by the Appellant as explained under para-4.11 of CBEC Education Guide fall under the scope of transmission and distribution of electricity as laid down within the ambit of Clause-k of Section 66D.

I find that principles of interpretation of specified description of services vis-à-vis bundled services have been laid down under Section 66F and taxability of bundled services is to be determined as per provision of Sub-Clause-3 of Section 66F which reads as under:-

***"(a) if various elements of such service are naturally bundled in the ordinary course of business, it shall be treated as provision of the single service which gives such bundle its essential character;***

***(b) if various elements of such service are not naturally bundled in the ordinary course of business, it shall be treated as provision of the single service which results in highest liability of service tax.***

***Explanation:-*** For the purposes of sub-section (3), the expression "bundled service" means a bundle of provision of various services wherein an element of provision of a service is combined with an element or elements of provision of any other service or services."

In view of the explanation to sub-clause 3 of section 66F above, the miscellaneous essential services such as meter reading, collection of revenue, connection and disconnection of electricity supply on behalf of M/s MVVNL are in the nature of bundled service which would be treated as if provided by the Appellant on their behalf.

The services of supply and distribution of electricity provided by M/s MVVNL are exempted under Section 66D(k) and therefore the taxability of the related / ancillary services

provided by the contractor / Appellant on their behalf are required to be given the same treatment as would have been given to the said services directly provided by the transmission and distribution of electricity company i.e. M/s MVVNL.

9. Further, the Tribunal has examined the instant issue in detail in the cases mentioned below and it is clear from the detailed observation made that these activities are related/ancillary to transmission and distribution of electricity and would be exempt of payment of service tax under Section 66D(k) of Finance Act, 1994.

***(I) M/s Madhya Pradesh Poorva Kshetra Vidyut Vitran Co. Ltd. Vs. Commissioner of CGST & Central Excise, Jabalpur 2022 (67) GSTL 86 (Tri-Del)***

***(II) M/s Madhya Pradesh Poorva Kshetra Vidyut Vitran Co. Ltd. Vs. Principal Commissioner, CGST & Central Excise, Bhopal, Final Order No. 51031/2021 Dated 14.01.2021***

10. I thus find that the miscellaneous services provided by the Appellant on behalf of M/s MVVNL would be treated as related and ancillary services of transmission and distribution of electricity and would qualify for exemption under Section 66D(k) of the Act.

11. In view of the above discussion, the impugned order is set aside and the appeal filed by the Appellant is allowed with consequential benefit, if any, as per law.

(Operative part of the order pronounced on 03.12.2025)

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