Zenith Ltd. Vs. Collector of Central Excise

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Court : Customs Excise and Service Tax Appellate Tribunal CESTAT Delhi

Decided On : Sep-11-1996

Reported in : (1996)(88)ELT367TriDel

Appellant : Zenith Ltd.

Respondent : Collector of Central Excise

Judgement :
1. In this appeal filed by M/s. Zenith Ltd. (Indian Tool Mfgrs.

Division), the matter relates to the classification of Drill Blanks.

The appellants had contended that the Drill Blanks merited classification under Item No. 68 while the Revenue had sought to classify the goods under Item No. 51A(iii) of the old Central Excise Tariff.

2. The matter was posted for hearing on 11-9-1996. The appellants had prayed for a decision on merits. On behalf of the respondents/Revenue, Shri M. Jayaraman, JDR, briefly stated the facts of the case and submitted that as the Drill Blanks had the essential character of tools, they were classifiable under Item No. 51A.3. We have carefully considered the matter. The Blanks manufactured by the appellants from imported high speed steel were sold as Drill Blanks. Although the imported high speed steel was subjected to various processes of grinding, edge-sharpening and grooving, they were not ready to be fitted into hand tools, machine tools or other tools for working in the hand. The Drill Blanks had to be further processed so

that they were converted into the tools as named under Item No. 51A of the Tariff. While there is no dispute that they were goods and bear distinct item from the raw material from which they were processed, it could not be said that they were twisted drill as had been held by the Asstt. Collector. Twisted drills are different than the Drill Blanks.

4. In their written submissions, the appellants had referred to the Tribunal's decision in the case of Collector of Central Excise v.Indian Tool Manufacturers Ltd. -1989 (43) E.L.T. 708 (Tribunal), wherein the Tribunal had held that the blanks were not classifiable under Item No. 51A (iii) but under Item No. 68.Collector of Central Excise, Bombay v. S.S. Miranda Ltd. -1987 (30) E.L.T. 519 (Tribunal), similar view had been taken and it had been held that tool blanks could not be put to actual use directly but were to be subjected to further processing in the nature of sharpening, edging etc. The blanks had not attained the shape or character of the bits and they were classifiable under Item No. 68 and not under Item No. 51A(iii). 6. Following the ratio of the Tribunal's above decisions, we set aside the impugned orders-appeal and accept the appeal of the appellants.