SooperKanoon - India's Premier Online Legal Search - sooperkanoon.com

Collector of Central Excise Vs. Kamal Engineering Works

Collector of Central Excise Vs. Kamal Engineering Works

SooperKanoon Citation : sooperkanoon.com/11618

Court : Customs Excise and Service Tax Appellate Tribunal CESTAT Delhi

Decided On : Jul-31-1997

Reported in : (1997)LC280Tri(Delhi)

Appellant : Collector of Central Excise

Respondent : Kamal Engineering Works

Judgement :

1. Respondent is absent in spite of notice of hearing. We have heard Shri K. Srivastava, SDR appearing for the appellant.

2. Respondent, engaged in the manufacture of Bolts, received an order from the Railways for supply of "Crossing Bolts and Nuts upto 25 mm diameter of varying lengths as per details shown in Annexure 'A' and conforming to specification No. IRS-T10". Respondent purchased duty-paid nuts and washers from the market, manufactured bolts in the factory, fitted the bolts, nuts and washers and supplied the same to Railways, paying duty only on the assessable value of bolts. Show cause notice was issued stating that duty was payable also on the element of cost of nuts and washers. Though the respondent resisted the notice, the Assistant Collector confirmed the demand. This order having been set aside by the Collector (Appeals), the Collector of Central Excise has filed the present appeal.

3. The supply order is for Bolts and Nuts. Bolts manufactured by the respondent and nuts purchased from open market were being put together (along with Washers) before being supplied to Railways. Nuts, Bolts and Washers are quite

different products and when they are put together there does not emerge a new commercially new product. Infact, putting together these three articles is only for the purpose of convenience of packing and also verification about the suitability of the particular nut or washer for the particular bolt. After receiving the package as a whole, the buyer has to unscrew the nut and washer and use the three separately in his work. In these circumstances, since no new product can be said to have come into existence, we are in agreement with the view taken by the Collector (Appeals), that assessable value of the excisable product was to include only the value of bolts and not the value of nuts or washers. Accordingly we dismiss the appeal.

SooperKanoon - India's Premier Online Legal Search - sooperkanoon.com