

**Commissioner of Central Excise Vs. Vindhya Telelinks Ltd.**

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**Court :** Customs Excise and Service Tax Appellate Tribunal CESTAT Delhi

**Decided On :** Oct-11-1999

**Reported in :** (2000)(116)ELT119TriDel

**Appellant :** Commissioner of Central Excise

**Respondent :** Vindhya Telelinks Ltd.

**Judgement :**

1. The Commissioner (Appeals) against whose order the above appeal has been preferred by the Revenue, has held that Voltage Stabilizers and Micro converter and parts thereof used by the respondents herein for manufacture of Telecommunication cables, are capital goods under Rule 57Q of the Central Excise Rules and eligible to Modvat credit under Rule 57A of the Rules.
2. I have heard both the sides and perused the records. The Voltage stabilizers falling under CET sub-heading 3932.80 consists of isolation transformer, variable stepper motor and electronic circuits to maintain constant output voltage, whereas input voltage fluctuates. The stabilizer is used in insulating line machine for stable input voltage to maintain the various parameters of the machine.
3. The contention of the Revenue is that its individual function is only for correction of input voltage and it is neither capable of processing of producing goods nor part of any machinery used in the manufacture of finished goods and hence does not fall within the ambit of capital goods under Rule 57Q. However, I find that in the case of C.C.E., Jaipur v. Shanti Synthetics reported in [1998 (97) E.L.T. 533],

voltage stabilizer required to be used in the manufacture of goods have been held to be capital goods under Rule 57Q and eligible to Modvat credit. Following the ratio of this order, I hold that there is no warrant to interfere with the finding of the Commissioner (Appeals) on availability of credit on this item. The other item on which credit has been allowed by the lower Appellate authority is Micro Converter and parts thereof. The Micro converter is a variable DC drive which is controllable converter combined with DC motor. The speed is varying the armature voltage with a fixed field current. The main application of the micro converter is in Group Twinner machine for take up motor to maintain diameter compensation during twinning of insulating wire.

4. The Revenue's objection to extension of credit on this item is on the ground that it is only used to maintain the constant line machine of the speed and does not have any functional use with reference to machine and plant. However, the Micro Converter is used to maintain diameter during twinner of wire; it can be said to be used for producing or processing the final product and hence eligible to credit as it is capital goods within the meaning of Rule 57. In view of the above, I hold that both the items are rightly held to be capital goods credit, uphold the impugned order of the Commissioner (Appeals) and reject the appeal.

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