Vindhya Telelinks Ltd. Vs. Commissioner of Central Excise

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Court : Customs Excise and Service Tax Appellate Tribunal CESTAT Delhi

Decided On : Oct-13-1999

Reported in : (2000)(116)ELT528TriDel

Appellant : Vindhya Telelinks Ltd.

Respondent : Commissioner of Central Excise

Judgement :
1. Modvat credit has been disallowed on the final items used by the appellants who are manufacturers of Telecommunications cables : 2. I have heard both the sides and perused the records and record my findings as under : 1. Grease Pump : This is a hand operated Grease pump having a container barrel and spring load piston and when operated with the hand, grease comes out with pressure through the hose provided with nozzle attachment. The Grease pump is used for lubricating of machine parts bearings bushes sliding parts etc. It has been held by the Tribunal in the case of Commissioner of Central Excise, Meerut v. Bhushan Steel & Strips Ltd. reported in [1998 (101) E.L.T. 422] that Gear pumps for hydraulic oil distribution are used for producing or processing of final product or bringing about change in the products which are finally used in the manufacture of final product and hence eligible to Modvat credit as capital goods under Rule 57Q. The ratio of this decision is required to be followed; hence I hold that these pumps are eligible to credit.

2. Pumping Unit : The ratio of the Tribunal's order in the case of Bhushan Steel & Strips is equally applicable to pumping unit to circulate lubrication oil from a sump

provided in the main gear box of wire threading machine. Hence I hold that credit is available on this item.

3. Computer Parts : The parts on which credit has been denied are parts used in computer which are used for rectification of cables and hence to be considered as parts of testing equipment. I find that in the case of the same assessees, the Tribunal vide its Final Order No.A-865/99-NB, dated 26-8-1999 as reported in [1999 (114) E.L.T. 347 (Tribunal)] has held that testing equipment like Thermo couple is capital goods for the purpose of Modvat. The same reasoning would be applicable in the case of the computers which are used for testing/rectification of cables and parts would be covered by Clause (b) of the explanation to Rule 57Q. They are therefore, eligible for Modvat credit.

4. Guard Hub Blades : These are parts of cooling tower. It is a circulating fan fitted on top of cooling tower to cool the water to bring down the temperature for industrial purposes. It has been held by the Tribunal in the case of Kanoria Chemicals & Industries Ltd. v.C.C.E., Allahabad reported in [1997 (95) E.L.T. 301] that hub and blades classifiable under Heading 8415 of the Tariff which covers oil and parts, are eligible to Modvat credit in terms of Rule 57Q.Following the ratio of this decision, I hold that the appellants are entitled to Modvat credit on Guard Hub Blades.

5. Nuts and Bolts : Although these are admittedly general purpose items, as far as the appellants are concerned, they are used for fitting parts during assembly, and for fabrication of machines and hence applying the ratio of the Tribunal's decision in the case of the same assessee vide Final Order No. 865/99-NB, dated 26-8-1999 as reported in [1999 (114] E.L.T. 347 (Tribunal)], I hold that this item is eligible to credit under Rule 57Q.In the result, I hold that the items in dispute are capital goods within the meaning of Rule 57Q and hence eligible to Modvat credit, set aside the impugned order and allow the appeal.