

Vikas Forging P. Ltd. Vs. Cce

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Court : Customs Excise and Service Tax Appellate Tribunal CESTAT Delhi

Decided On : Mar-13-2002

Reported in : (2002)(104)LC843Tri(Delhi)

Judge : K Kumar

Appellant : Vikas Forging P. Ltd.

Respondent : Cce

Judgement :

1. This is an appeal filed against the order dated 25.7.2000 passed by the Commissioner of Central Excise (Appeals), New Delhi disallowing modvat credit of Rs. 44, 262.73 paise.

2. Shri N.L. Jangir, learned Advocate has appeared on behalf of the appellant and he submitted that the appellants were working under modvat scheme under Rule 57A during the period of dispute when the goods which were sold to manufacturer-buyer had been returned on payment of duty on 52A documents under Rule 57F(1)(II) as invoked during the period to remove the inputs from their factory on payment of duty. He also submitted that the defective forgings returned by their customers were subjected to a process identical with the one employed for the manufacture of the original forgings. Accordingly, the defective forgings were heated at high temperature in furnace and shaped as per specifications of buyer in the die of hammer machine. The reforming and reshaping of the inputs were so done in the die of the hammer machine after the die specifications were corrected

in accordance with the requirements of the buyers.

3. Shri S.C. Pushkarna, learned JDR has appeared on behalf of the Revenue and he reiterated the findings of the lower authorities and submitted that this Tribunal has repeatedly held that the final products cannot become inputs on account of being defective unless they undergo the process of manufacture again. In the present case, the defence of the appellant is that the defective forged components were put through dies in order to correct dimensional variation etc. Thus before and after the subject process was undertaken, the goods remained the same. The process undertaken may be known as re-manufacturing in the trade but the same is neither a process of manufacture under the provisions of Section 2(f) of the Central Excise Act 1944 nor is it specified as a process of manufacture in the Central Excise Tariff Act, 1985. Moreover, no detailed records are maintained for individual components to show the exact nature of processes carried out on the same.

4. After hearing the rival submissions, perusal of the records, etc, I find that both the lower authorities have gone into the details and after due consideration have passed the detailed speaking order rejecting the claim of the appellant for modvat credit. I, therefore, find that there is no infirmity in the orders passed by the lower authorities. As such, I do not find any reasons to interfere with the same and accordingly the appeal filed by the appellant is rejected.

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