

**Lenzohm Electrical Engineering Vs. Commissioner of Central Excise**

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

**Decided On :** May-23-2003

**Judge :** S T Gowri, G Srinivasan

**Appellant :** Lenzohm Electrical Engineering

**Respondent :** Commissioner of Central Excise

**Judgement :**

1. Lenzohm Electrical Engg. Pvt. Ltd. was engaged in the repair of coils of electrical transformers, motors armatures. One of the processes involved in such repairs is unwinding of damaged coils and replacing of the damaged portion by a fresh strips of electrical conductors. The fresh strip was welded on the protruding end of the coil, the insulation wind around fresh strip which has been wound on the existing layer of the coil. The notice issued to it alleged that in this process the appellant manufacture insulated electric wire of an uninsulated wire and demanded duty on the insulated wire. The Commissioner confirmed the proposal in the notice, held that there was manufacture of insulated wire and confirmed liability to duty and while ordering that the Assistant Commissioner to quantify the duty payable, imposed a penalty equal to the amount of duty recoverable. The appeal by the department against this order contends that the Commissioner himself held the goods liable to duty and the appeal by the assessee is against the demand of the duty.

2. We first consider the appeal of the assessee. We are unable to accept the contention of the counsel for the assessee that portion of the coil that insulated is

not marketable for the reason that winding is connected with the annealing of coil. The reliance by him of the Tribunal decision in CCE v. SDO Coils Fabrication 1996 (87) ELT 262 is misplaced. The Tribunal in that decision held that coil themselves were unmarketable (came into existence by being worn out). The mere fact that one end of the electrical conductor is welded to the end of the conductor of the coil cannot justify that insulated coil is not marketed. All it needed was extremely easy simple operation of breaking it. We however see merit in the subsequent contention that insulation of the electrical wire does not by itself amount to manufacture. Such insulation does not change the nature of the electrical wire, wire which is conductor of electricity. Its character and use was not altered by the fact of insulation. Both before and after insulation serve the same purpose. Insulation therefore would not amount to manufacture. The same view has been taken by the Tribunal in I.G.E.(India) Ltd. v. CCE 1998 (101) ELT 362. Consequently the department's appeal does not survive.

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