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

Hindalco Industries Ltd. Vs. Collr. of Central Excise

Hindalco Industries Ltd. Vs. Collr. of Central Excise

SooperKanoon Citation : sooperkanoon.com/9545

Court : Customs Excise and Service Tax Appellate Tribunal CESTAT Delhi

Decided On : May-23-1996

Reported in : (1996)(88)ELT397TriDel

Appellant : Hindalco Industries Ltd.

Respondent : Collr. of Central Excise

Judgement :

1. This appeal is directed against the Order No. 60/91, dated 13-11-1991 of Collector of Central Excise, Allahabad.

2. Arguing for the appellant the ld. Advocate submits that alumina is extracted from the bauxite ore. Aluminium is, therefore, produced from alumina by electrolysis. Dissolution of alumina in the bauxite ore in caustic soda solution is an essential step in obtaining chlorine. The alumina is dissolved in caustic soda solution called pregnant liquor.

In order to manufacture the aluminium on a commercial scale, the caustic soda solution used for dissolving alumina is constantly recycled. The spent liquor is pumped into the digester for dissolving the alumina in the bauxite ore. Preheating caustic soda solution in shell Heat Exchangers and Tube Heat Exchangers is necessary. Due to constant recycling and passage of time. Scales take place in the heat exchanger tubes. This offers resistance to flow of spent liquor. This affects the heat transfer to the spent liquor. This affects the heating of spent liquor. It, therefore, also affects the production rate.

Sulphuric acid is, therefore, added to the spent liquor to regularise the production rate and heat transfer. The sulphuric acid also helps prevention of scale deposition. It, therefore, is an input which is used in the process of manufacture as such and would be eligible input within the extended meaning of "in or in relation to the manufacture", the expression used in Rule 57A. The learned counsel cites the case of Saurashtra Chemicals v. CCE - 1995 (80) E.L.T. 302. He also cites the case of J.K. Cotton v. Sales Tax Officer - AIR 1965 SC 1310.

3. The learned DR submits that the inputs are used in removing scales and, therefore, no Modvat on these is admissible.

4. We have heard both sides. To our specific query the advocate submits that sulphuric acid is not used by itself to remove scales; it is added to the caustic soda solution. We hold that in the circumstances sulphuric acid is used it can be said to have entered the stream of manufacture and, therefore, would be eligible input for Modvat credit.

In the result, the appeal is allowed and impugned order set aside.

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