

**IN THE CUSTOMS, EXCISE & SERVICE TAX
APPELLATE TRIBUNAL
SOUTH ZONAL BENCH, CHENNAI**

Appeal No. ST/277/2012

(Arising out of Order-in-Appeal No.53/2011 dated 30.11.2011
passed by the Commissioner of Central Excise (Appeals),
Salem)

M/s. Pallipalayam Spinners (P) Ltd.

Appellant

Vs.

CCE, Salem

Respondent

Appearance

Ms. S. Gayathri, Advocate for the Appellant

Shri A. Cletus, Addl. Commissioner (AR) for the Respondent

CORAM

Hon'ble Shri D.N. Panda, Judicial Member

Date of Hearing / Decision: **13.02.2017**

Final Order No. 40240/2017

While Revenue denies CENVAT credit availed by the appellant on the repair and maintenance service as well as insurance service in respect of operation of the windmill, appellant says that these services were essential to maintain windmill for generation of power and use thereof in the manufacture by buy back arrangement with the Electricity Board.



2. When the adjudication order is read, page 4 thereof exhibits that the show cause notice made allegation that the windmill was not installed in the factory premises, but located outside thereof.

3. It may be stated that windmill is installed at a place where wind blows to generate power. That place need not be the place of location of the factory. The power generated thereat is bartered to TNEB for supply to the appellant at the place of location of the factory. This aspect was taken into consideration while a batch of appeals was decided by the Tribunal in the case of Aluminium Powder Co. Ltd. Vs. Commissioner of Central Excise, Madurai as reported in 2016 (42) STR 776 (Tri. Chennai). Considering that the above two expenses are essential for maintenance and operation of windmill, CENVAT credit of the service tax paid thereon was allowed.

4. The present case being a case satisfying the nexus and integral connection between the use of the power in manufacture and incurring of the expenses of the aforesaid nature, appeal is allowed.

(Dictated and pronounced in open court)

(Signature) 17/2/2017

(D.N. Panda)

Judicial Member

Rex



प्रमाणित प्रति / Certified True Copy

(Signature)

सहायक पंजीकार/Asst. Registrar
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