MAHARASHTRA AUTHORITY FOR ADVANCE RULING

GST Bhavan, Room No.107, 1st floor, B-Wing, Old Building, Mazgaon, Mumbai – 400010.

(Constituted under Section 96 of the Maharashtra Goods and Services Tax Act, 2017)

BEFORE THE BENCH OF

(1) Shri. Dipak Gojamgunde, Joint Commissioner of State Tax, (Member)

(2) Smt. Himani Dhamija, Joint Commissioner of Central Tax, (Member)

ARN.		**AD2708220136370**
GSTIN Number, if any/ User-id		**27AAMCP3788K1ZL**
Legal Name of Applicant		**M/s. Prayatna Infratech Pvt. Ltd.**
Registered Address/Address provided while obtaining user id		House No. 274, Prayatna Bungalow, Kawadi Patt, Kadam Wak Wasti, Next to Railwaygate, At Post Manjri Farm, Maharashtra, Pune 412201.
Details of application		GST-ARA, Application No. 52 Dated 22.08.2022
Concerned officer		**Pune North, Uraalikanchan-701**
Nature of activity(s) (proposed/present) in respect of which advance ruling sought		
A	Category	**Factory/Manufacturing, Service Provision**
B	Description (in brief)	The Applicant is engaged in preparation and supply of ready-mix concrete using the goods made available by the recipient. The Applicant is carrying out its activity at the recipient's place of business, which is situated at Riverview City, Loni Kalbhor, Hadapsar, Pune.
Issue/s on which advance ruling required		➢ Classification of any goods or services or both ➢ Determination of the liability to pay tax on any goods or services or both
Question(s) on which advance ruling is required		As reproduced in para 01 of the Proceedings below.

PROCEEDINGS

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

The present application has been filed under Section 97 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017 [hereinafter referred to as "the CGST Act and MGST Act" respectively] by

M/s. Prayatna Infratech Private Limited, the applicant, seeking an advance ruling in respect of the following questions.

1. **What will be the applicable Service Accounting Code for the activity carried out by the Applicant on the goods owned and supplied by the Riverview City Constructions Limited?**
2. **At what rate, Goods and Services Tax would be charged on the activity carried out by the Applicant on the goods owned and supplied by the Riverview City Constructions Limited?**

At the outset, we would like to make it clear that the provisions of both the CGST Act and the MGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the MGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, the expression 'GST Act' would mean CGST Act and MGST Act.

1. FACTS AND CONTENTION – AS PER THE APPLICANT:

1.1 Applicant is a Pvt. Ltd. company incorporated on 13th October 2021 under the provisions of the Companies Act, 2013. The registered office of the Applicant is situated at House No. 274, Prayatna Bungalow, Kawadi Patt, Kadam Wak Wasti, Next to Railwaygate, At Post Manjri Farm, Pune – 412201, Maharashtra. The Applicant is registered under the Goods and Services Tax Law (hereinafter referred to as "**GST Law**") vide Goods and Services Tax Identification Number 27AAMCP3788K1ZL with effect from 24th November, 2021.

1.2 The Applicant is engaged in preparation and supply of ready-mix concrete (hereinafter referred to as "**RMC**"). The said RMC is prepared by using the goods which are made physically available by its customers to the Applicant. RMC is an expression now well understood in the market and used to refer to a commodity bought and sold with clearly distinguishable features and characteristics as regards the plant and machinery required to be set-up for its manufacture and the manufacturing processes involved, as well as its own properties and the manner of delivery. RMC refers to a concrete specially made with precision and of a high standard and as per the particular needs of a

customer and delivered to the customer at his site. RMC is one of the types of concrete which is delivered at site in a plastic condition and requiring no further treatment before being placed in the position in which it is to stay and harden. In simple terms, RMC is a ready-to-use material, with pre-determined mixture of cement, sand, aggregates and water. It is one of the types of concrete prepared by the Applicant, according to the specifications of the customer, at a centrally located batching plant. After preparation of RMC, such RMC is supplied to the customer who has supplied the goods for preparation of the RMC. The Applicant raise invoices on its customers for preparation of such RMC.

1.3 Riverview City Constructions Limited (hereinafter referred to as "**RCCL**") is a public limited company incorporated on 8th January, 2007, under the provisions of the Companies Act, 1956. The registered office of RCCL is situated at 5, Magarpatta City, Aditi Garden, Hadapsar, Pune – 411013, Maharashtra. RCCL is also registered under the GST Law.

1.4 The RCCL is inter alia engaged in construction of residential and nonresidential buildings. The RCCL is developing a project named as 'Riverview City' at Loni Kalbhor, Hadapsar, Pune which is one of the biggest projects in the Pune city.

1.5 The Applicant has entered into a contract with RCCL for preparation and supply of RMC as required at the Riverview City.

1.6 For the purpose of preparation and supply of required RMC to RCCL, the Applicant has set up an RMC plant at the Riverview City. In the RMC plant, all aggregates are weighed, batched by electrical controls and limit switches. Cement, sand and aggregates from site are carried to the batching plant by a screw conveyor operated with automotive weighing gauges. Water is fed through flow meters after subjecting such water to chemical analysis. The RMC plant is an automatic plant which regulates and delivers the specified sizes and quantities of aggregate, sand and cement into the mixing drums through the built-in conveyor. The admixture for water reduction or air entraining are incorporated in the concrete as per the approved mix design given by the RCCL. The mixture of aggregates, sand, cement and water is mixed in a mixer.

The shelf life of the mixture so obtained is increased by addition of chemicals. The RMC is prepared in the high degree of precision and stringent quality control observed in the selection and processing of ingredients, namely aggregates, cement, sand, additives and water. The whole process is fully automatic and is electronically controlled.

1.7 Concrete mix obtained from the RMC plant is delivered into a transit mixer mounted on a self propelled chassis for delivery at the site of construction is in a plastic condition requiring no further treatment before being placed in the position in which it is to set and harden. The prepared chassis which is mounted is to ensure that when the concrete mix is taken to the actual place of construction, it keeps rotating. The final product RMC is a material in plasitc, wet process state.

1.8 In other words, the Applicant is carrying out various activities such as lifting of cement, sand and aggregates, feeding of water, mixing these all together and thereafter addition of chemicals to prepare the RMC. Once the RMC is prepared, the same is immediately supplied to RCCL.

1.9 Further, all the goods namely, cement, sand, aggregates and chemicals which are required for preparation of RMC, are supplied by the RCCL to the Applicant free of cost.

1.10 All the operating expenses such as purchase of power and fuel, salary, repairs and maintenance, etc. incurred for running the RMC plant, is directly borne by the Applicant.

1.11 In other words, the arrangement is such that all the goods required for preparation of RMC is supplied by RCCL free of cost whereas all the operating expenses of running the RMC plant is borne by the Applicant.

1.12 The goods supplied by the RCCL to the Applicant are owned by the RCCL only and in no case, the ownership of the same is transferred to the Applicant. In other words, the Applicant is carrying out the process on the goods owned by the RCCL and gives back the RMC to the RCCL.

2. STATEMENT CONTAINING APPLICANT'S INTERPRETATION OF LAW.

In this context, the Applicant has analyzed the relevant legal provisions in the ensuing paras.

The activity carried out by the Applicant will be classified as other non-metallic mineral product manufacturing services and therefore, would merit classification under SAC 998853.

2.1 For the purpose of classification of activity carried out by the Applicant, the Applicant would like to refer the Explanatory Notes to the Scheme of Classification of Services (hereinafter referred to as "Explanatory Notes"). The Explanatory Notes contains various Sections, Headings, Groups, SACs and description of services.

2.2 As the Applicant is carrying out the activity on physical inputs owned by the RCCL, the relevant Heading would be 9988 which covers 'manufacturing services on physical inputs owned by others. The said Heading 9988 and its description reads as under:

> *"9988 Manufacturing services on physical inputs owned by others*
> *The services included under Heading 9988 are performed on physical inputs owned by units other than the units providing the service. As such, they are characterized as outsourced portions of a manufacturing process or a complete outsourced manufacturing process. Since this Heading covers manufacturing services, the output is not owned by the unit providing this service. Therefore, the value of the services in this Heading is based on the service fee paid, not the value of the goods manufactured."*

2.3 From the description of Heading 9988 it is understood that this Heading covers the services which are performed on physical inputs owned by the person other than the person providing such services. The description of this Heading further provides that these services are characterized as outsourced portions of a manufacturing process or a complete outsourced manufacturing process. The description of this Heading also provides that as the goods are not owned by the person providing such services, the value of the services in this Heading is based on the service fee paid and not the value of the goods manufactured.

2.4 It is pertinent to note that the Heading 9988 is further divided into various Groups and each such Group is further divided into various SACs on the basis of description of services. Considering the nature of activity carried out by the

Applicant, the relevant SAC could be 998853 which covers 'other non-metallic mineral product manufacturing services. The said SAC 998853 and its description reads as under:

> *"998853 Other non-metallic mineral product manufacturing services*
> *This service code includes glass manufacturing services, refractory product manufacturing services, clay building material manufacturing services, porcelain and ceramic product manufacturing services, cement, lime and plaster manufacturing services, concrete, cement and plaster article manufacturing services, stone cutting, shaping and finishing services, other non-metallic mineral product manufacturing services n.e.c."*
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> …..Emphasis Supplied

2.5 From the reading of description of SAC 998853, it is very much clear that the concrete manufacturing would be covered under this SAC. Therefore, it is now very much necessary to understand that whether the activity carried out by the Applicant would amounts to manufacture. In this regard, reference can be made to definition of the term 'manufacture' as provided under sub-section (72) of Section 2 of the CGST Act. The said sub-section (72) of Section 2 is reproduced hereunder:

> *"(72) "manufacture" means processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term "manufacturer" shall be construed accordingly;"*

2.6 From the above definition of the term 'manufacture', it is construed that the manufacture means processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use.

2.7 The word 'manufacture' used as a verb is generally understood to mean as bringing into existence a new substance. If a new substance is brought into existence or if a new or different article having a distinctive name, character or use results from particular processes, such process or processes would amount to manufacture. The generally prevalent test is whether the article produced is regarded in the trade, by those who deal in it, as distinct in identity from the commodity involved in its manufacture. Commonly, manufacture is the end result of one or more processes, through which the original commodity is made to pass. The nature and extent of processing may vary from one case to another,

and indeed there may be several stages of processing and perhaps a different kind of processing at each stage. With each process suffered, the original commodity experiences a change. But it is only when the change or a series of changes, take the commodity to the point where commercially it can no longer be regarded as the original commodity but instead is recognised as a new and distinct article that a manufacture can be said to take place. Reliance in this regard is placed on the judgments of Hon'ble Supreme Court in the following cases: a. Union of India vs. Delhi Cloth And General Mills Co. Ltd. [1977 (1) E.L.T. (J 199) (S.C.)];

b. Empire Industries Ltd. vs. Union of India [1985 (20) E.L.T. 179 (S.C.)];

c. Hawkins Cookers Limited vs. Collector of C. Ex., Chandigarh [1997 (96) E.L.T. 507 (S.C.)];

d. Indian Cable Co. Ltd. vs. Collector C. Ex., Calcutta [1994 (74) E.L.T. 22 (S.C.)];

e. Mafatlal Fine Spinning & Mfg. Co. Ltd. vs. Collector of C. Ex. [1989 (40) E.L.T. 218 (S.C.)];

f. State of Maharashtra vs. Mahalaxmi Stores [2003 (152) E.L.T. 30 (S.C.)];

g. Deputy Commissioner Sales Tax (Law), Board Of Revenue (Taxes), Ernakulam vs. Pio Food Packers [1980 (6) E.L.T. 343 (S.C.)];

h. Siddeshwari Cotton Mills (P) Ltd. vs. Union of India And Anr. [1989 (39) E.L.T. 498 (S.C.)];

i. South Bihar Sugar Mills Ltd. vs. Union of India [1978 (2) E.L.T. J 336 (S.C.)];

j. Sterling Foods vs. State of Karnataka and Another [1986 (26) E.L.T. 3 (S.C.)]; and

k. Ujagar Prints Etc. Etc. vs. Union of India & Others [1989 (39) E.L.T. 493 (S.C.)].

2.8 In the Applicant's case, in the RMC plant, all aggregates are weighed, batched by electrical controls and limit switches. Cement, sand and aggregates from site are carried to the batching plant by a screw conveyor operated with automotive weighing gauges. Water is fed through flow meters after subjecting such water

to chemical analysis. The RMC plant is an automatic plant which regulates and delivers the specified sizes and quantities of aggregate, sand and cement into the mixing drums through the built-in conveyor. The admixture for water reduction or air entraining are incorporated in the concrete as per the approved mix design given by the RCCL. The mixture of aggregates, sand, cement and water is mixed in a mixer. The shelf life of the mixture so obtained is increased by addition of chemicals. The RMC is prepared in the high degree of precision and stringent quality control observed in the selection and processing of ingredients, namely aggregates, cement, sand, additives and water. The whole process is fully automatic and is electronically controlled.

2.9 Concrete mix obtained from the RMC plant is delivered into a transit mixer mounted on a self propelled chassis for delivery at the site of construction is in a plastic condition requiring no further treatment before being placed in the position in which it is to set and harden. The prepared chassis which is mounted is to ensure that when the concrete mix is taken to the actual place of construction, it keeps rotating. The final product RMC is a material in plasitc, wet process state.

2.10 From the above, it can be understood that in preparation of RMC, various activities are being carried out such as lifting of cement, sand and aggregates, feeding of water, mixing these all together and thereafter addition of chemicals. The result of these activities comes out in the form of RMC which is a new product having a distinct name, character and use. Therefore, the Applicant is of the view that the activity of preparing RMC would definitely qualify as manufacture.

2.11 The issue that whether an activity carried out for making the product 'RMC' is manufacture or not is no more res-integra. In this regard, the Central Board of Indirect Taxes and Customs (hereinafter referred to as "CBIC") had issued Circular No. 237/71/96-CX dated 12th August, 1996 clarifying that the activity engaged for making the product 'RMC' very much falls within the ambit of the meaning of the word 'manufacture'. Relevant extract of the said circular is reproduced hereunder:

"2. The Ready Mix Concerts plant consists of stone crushers, conveyors, vibrator screen to segregate different sizes of stone aggregates, and sand mill to produce sand from stones. A central batching plant is also installed in which all aggregates are weighed, batched by electrical controls and limit switches Cement from site is carried to the batching plant by a screw conveyer operated with automotive weighing gauges. Water is fed through flow meters after subjecting such water to chemical analysis. The mixture of stone aggregates, sand cement and water is mixed in mixer. The mixture so obtained is loaded on a transit mixer mounted no truck chasis, which is transported to the site of the customers and the same is discharged at site for use in further construction of building etc. The qualities accruing to the Ready Mix Concrete so obtained far out weigh to those of the site mixed concrete. The final product Ready Mix Concrete is a material in plasitc, wet process state and not a finished product like blocks or precast tiles or beams.

3. In the instant case, the activity engaged for making the product "Ready Mix Concrete" very much falls within the ambit of the meaning of the word" manufacture", as envisaged under Section 2(f) of CESA, 1944 and in view of the pronouncements of the Hon"ble Supreme court, as a new product with a new name emerges. As regards, the marketability vis-a-vis the shelf lief of the impugned goods, it is quite apparent that inspite of the fact that the goods have a short shelf life. As such, the product satisfies the twin time frame of its short self life. As such, the product satisfies the twin test of "goods" and "marketability" which are needed if they are to be held as chargeable to Central Excise duty under CETA 1985."

…..Emphasis Supplied

2.12 Further, in the case of Larsen & Toubro Ltd. vs. Commissioner Of Central Excise, Hyderabad [2015 (324) E.L.T. 646 (S.C.)] Hon'ble Apex Court had took a note of the above circular issued by the CBIC and held that it is an excisable product for levy of excise duty. It is well settled position that the RMC emerges as a result of manufacturing and hence, prior to implementation of GST excise duty was leviable on the same.

2.13 Given the above, the Applicant hereby submits that the activity of preparing RMC by the Applicant would amount to manufacture as defined under subsection (72) of Section 2 of the CGST Act.

2.14 The goods which are being used for manufacture of RMC are owned and supplied by the RCCL which is a separate legal entity and a registered person

under the GST Law. Further, in no scenario, the ownership of such goods is transferred to the Applicant. As the Applicant is manufacturing RMC which is one of the types of concrete and that too using the goods owned and supplied by RCCL, the said activity would be classified as 'other non-metallic mineral product manufacturing services' and accordingly would merit classification under SAC 998853.

Manufacturing of RMC by the Applicant would qualify as job work and hence, GST would be charged @ 12% in accordance with SI. No. 26(id) of the Notification No. 11/2017-Central Tax (Rate) dated 28th June, 2017 (as amended from time to time)

2.15 Under the GST regime, the taxable event is the 'supply' of goods or services or both. The scope of the term 'supply' is provided under Section 7 of the CGST Act, which inter-alia includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration in the course or furtherance of business. The relevant extract of the said Section 7 is reproduced hereunder:

"7. (1) For the purposes of this Act, the expression "supply" includes–

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

…..

(1A) Where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II."

2.16 From the above definition of the term 'supply', it can be observed that the term 'supply' is defined in inclusive and wide manner. As per the said Section 7, for any activity to be treated as 'supply' it should inter-alia satisfy all the following conditions:

a. There should be sale, lease, exchange, barter, transfer, etc. of goods or services or both;

b. The said activity should be for a consideration; and

c. The activity should be carried out in the course or furtherance of business.

2.17 Further, sub-section (1A) of Section 7 of the CGST Act provides that where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II of the CGST Act.

2.18 In the present case, the Applicant is carrying out the activity of manufacturing RMC for a consideration. Further, the said activity is carried out in the course or furtherance of business and hence, the activity of manufacturing RMC would be treated as 'supply' as per sub-section (1) of Section 7 of the CGST Act.

2.19 Now it is necessary to understand that whether the manufacturing of RMC by the Applicant would be treated as supply of goods or supply of service. In this regard, attention is invited to Schedule II of the CGST Act, which specifies the nature of activities as to whether a particular activity will be treated as 'supply of goods' or 'supply of service'. Since the Applicant is manufacturing RMC by using the goods owned and supplied by the RCCL, it would be relevant to refer Para 3 of the Schedule II of the CGST Act, which provides that any treatment or process applied on the goods belonging to other person will be treated as 'supply of service'. The said Para 3 reads as under:

> *"3. Treatment or process*
> *Any treatment or process which is applied to another person's goods is a supply of services."*

2.20 It is pertinent to note here that neither the term 'treatment' nor the term 'process' is defined under the CGST Act. Therefore, reference can be made to dictionary meaning of the said terms. Oxford Dictionary defines the term 'treatment' as *the "use of chemical, physical, or biological agent to preserve or give particular properties to something." Further, the said Dictionary defines the term 'process' as "a systematic series of mechanized or chemical operations that are performed in order to produce something."*

2.21 Also the Merriam Webster Dictionary defines the term 'process' as a *"series of actions or operations conducing to an end; especially a continuous operation or treatment in manufacture."*

2.22 On the basis of above definitions and based on general trade parlance, it can be understood that 'process' means a mode, method, or operation by which

some activity is carried over raw or semi-finished commodity to create a new commercial commodity. Sometimes it results as input for another final product. In other words, process is development, change or preparation for the purpose of sale. The term 'treatment' in trade parlance refers to correct something, apply some method, or way to make the product in commercial existence. To summarise it can be said that treatment or process would mean a mechanized or physical operation conducted on the raw material or semi-finished goods.

2.23 In the present case, in manufacturing of RMC, various activities are being carried out such as lifting of cement, sand and aggregates, feeding of water, mixing these all together and thereafter addition of chemicals. All these activities can be said to be treatment or process. The result of these processes comes out in the form of RMC. On this basis, the Applicant submits that as the Applicant is carrying out a manufacturing process on the goods belonging to the RCCL, the said manufacturing of RMC would be treated as supply of service.

2.24 Now the Applicant would like to proceed with analyzing that whether the manufacturing of RMC by the Applicant would qualify as job work. The definition of the term 'job work' is given under sub-section (68) of Section 2 of the CGST Act. The said sub-section (68) of Section 2 reads as under:

> *"(68) "job work" means any treatment or process undertaken by a person on goods belonging to another registered person and the expression "job worker" shall be construed accordingly;"*

2.25 From the above definition of the term 'job work', it can be seen that 'job work' means any treatment or process undertaken by any person on goods belonging to another registered person. Further, the person carrying out such process or treatment would be called as job worker.

2.26 As mentioned in the earlier paras, the Applicant is carrying out a manufacturing process on goods belonging to RCCL which is a registered person under GST regime and hence, the manufacturing of RMC by the Applicant would qualify as job work. Therefore, the Applicant would be called as job worker.

2.27 At this juncture, a question would arise whether procurement and use of power, fuel, etc. for running the RMC plant by the Applicant would disentitle the activity to qualify as job work. In this regard, attention is invited to the Circular No. 38/12/2018 dated 26th March, 2018 which has clarified that in addition to the goods received from the principal, the job worker can use his own goods for providing the services of job work. The relevant extract of the said circular is reproduced hereunder:

> *"5. Scope/ambit of job work: Doubts have been raised on the scope of job work and whether any inputs, other than the goods provided by the principal, can be used by the job worker for providing the services of job work. It may be noted that the definition of job work, as contained in clause (68) of section 2 of the CGST Act, entails that the job work is a treatment or process undertaken by a person on goods belonging to another registered person. Thus, the job worker is expected to work on the goods sent by the principal and whether the activity is covered within the scope of job work or not would have to be determined on the basis of facts and circumstances of each case. Further,* ***it is clarified that the job worker, in addition to the goods received from the principal, can use his own goods for providing the services of job work.***
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> …..Emphasis Supplied

2.28 Similar clarification was issued vide 3rd Edition of Frequently Asked Questions dated 15th December, 2018 (hereinafter referred to as "FAQs"). Answer to question No. 17 of Chapter '9. Job Work' of the FAQs, clarifies that in addition to the goods received from the principal, the job worker can use his own goods for providing the services of job work. The said question No. 17 and its answer is reproduced hereunder:

> *"Q 17. What is the scope of job work. Whether any inputs, other than goods provided by the principal can be used by the job worker for providing job work services?*
>
> *Ans. The definition of job work, as contained in section 2(68) of the CGST Act, entails that the job work is a treatment or process undertaken by a person on goods belonging to another registered person. Thus, the job worker is expected to work on the goods sent by the principal and whether the activity is covered within the scope of job work or not would have to be determined on the basis of facts and circumstances of each case. Further,* ***it is clarified that the job worker, in addition to the goods received from the principal, can use his own goods for providing the services of job work****.*
>
> …..Emphasis Supplied

2.29 In view of the above, it is clear that even if the Applicant procures and use power, fuel, etc. on its own for running its RMC plant, the activity carried out by the Applicant would qualify as job work in terms of sub-section (68) of Section 2 of the CGST Act. The said procurement and use by the Applicant is only to effectuate the activity of job work and the same is permissible. Reliance in this regard is placed on the judgment of Hon'ble Apex Court in the case of Prestige Engineering (India) Ltd. vs. Collector of C. Excise, Meerut [1994 (73) E.L.T. 497 (S.C.)].

2.30 The Applicant also submits that clause (a) of sub-section (1) of Section 143 of the CGST Act stipulates that the material sent out for job work should be brought back by the principal, after completion of job work or otherwise, within one year of the goods being sent out. In the present case, the Applicant does not take more than one month's period to supply RMC from the date of inputs being supplied by the RCCL. Therefore, in the present case, the condition as stipulated in clause (a) of sub-section (1) of Section 143 of the CGST Act is also getting satisfied.

2.31 On the basis of above, the Applicant submits that the activity of making RMC by the Applicant, by using the goods owned and supplied by the RCCL would qualify as job work.

2.32 Now the question may arise as to whether the manufacturing would be covered in the ambit of the term 'job work'. In this regard, the Applicant submits that the term 'job work' is wider enough to cover in its ambit the term 'manufacture'. Further, every job work may not necessarily result into manufacture and every manufacture may not necessarily result into job work.

2.33 The Applicant submits that there are three scenarios in which the manufacturing takes place and the said scenarios are described in below table:

Table 1

Scenarios	Description	Example
Scenario 1	The manufacturing and sale is carried out by a single entity.	ABC Limited is a manufacturer of motor cars. ABC Ltd. itself manufactures the whole motor car along with its various parts

		and sells such manufactured motor cars.
Scenario 2	The principal manufacturer engages various other manufacturers and provides them only design and specifications for manufacturing the goods.	ABC Limited is a manufacturer of motor cars. However, ABC Limited does not manufacture the tyres of the motor cars. Therefore, ABC Limited outsourced the manufacturing of tyres to PQR Limited. ABC Limited and PQR Limited both are registered under the GST Law. The design and specifications of tyres are provided by ABC Limited to PQR Limited. PQR Limited will procure all the inputs required for manufacturing such tyres on its own account. Further, PQR Limited will procure power, fuel, etc. required for operating of its manufacturing plant on its own account. After manufacturing such tyres, the PQR Limited sells such tyres to ABC Limited. Thereafter, ABC Limited will fit out such tyres into motor cars and will sell the motor cars. In this case, PQR Limited will raise the invoice on ABC Limited as sale of goods.
Scenario 3	The principal manufacturer engages various other manufacturers and provides them design, specifications and all the inputs required for manufacturing the goods.	ABC Limited is a manufacturer of motor cars. However, ABC Limited does not manufacture the tyres of the motor cars. Therefore, ABC Limited outsourced the manufacturing of tyres to PQR Limited. ABC Limited and PQR Limited both

		are registered under the GST Law. The design, specifications and all the inputs required for manufacturing such tyres are provided by ABC Limited to PQR Limited. PQR Limited will procure only power, fuel, etc. required for operating of its manufacturing plant on its own account. After manufacturing such tyres, the PQR Limited provides such tyres to ABC Limited Thereafter, ABC Limited will fit out such tyres into motor cars and will sell the motor cars. In this case, PQR Limited will raise the invoice on ABC Limited as charges for manufacturing done by it which would not include the value of inputs provided by ABC Limited.

2.34 On the hand, there are two scenarios in which the job work takes place and the said scenarios are described in below table:

Table 2

Scenarios	Description	Example
Scenario 1	The principal manufacturer engages various other service providers for finishing work.	ABC Limited is a manufacturer of motor cars. ABC Limited engages PQR Limited for carrying out some coating work on the motor cars manufactured by ABC Limited. PQR Limited will carry out such coating work on the motor cars manufactured by ABC Limited. In this case, PQR Limited will raise the

		invoice on ABC Limited as charges for coating done by it.
Scenario 2	The principal manufacturer engages various other manufacturers and provides them design, specifications and all the inputs required for manufacturing the goods.	ABC Limited is a manufacturer of motor cars. However, ABC Limited does not manufacture the tyres of the motor cars. Therefore, ABC Limited outsourced the manufacturing of tyres to PQR Limited. ABC Limited and PQR Limited both are registered under the GST Law. The design, specifications and all the inputs required for manufacturing such tyres are provided by ABC Limited to PQR Limited. PQR Limited will procure only power, fuel, etc. for operating of its manufacturing plant on its own account. After manufacturing such tyres, the PQR Limited provides such tyres to ABC Ltd. Thereafter, ABC Ltd. will fit out such tyres into motor cars and will sell the motor cars. In this case, PQR Limited will raise the invoice on ABC Limited as charges for manufacturing done by it which would not include the value of inputs provided by ABC Limited.

2.35 In all the scenarios described in Table 1 the activities definitely qualify as manufacture since the new product motor car or as the case may motor car and tyre emerges which has distinct name, character and use. However, contrary to Scenario 1 and Scenario 2, under Scenario 3 the manufacturing of tyre is carried out by using the inputs owned by other registered person and hence, this will qualify as job work as well.In Scenario 1 of Table 2, as the

process of coating is carried out on the motor cars belonging to other person, it would amount to job work. However, no new product is emerging from such repairing and hence, it would not qualify as manufacture. Against this, under Scenario 2, the activity is carried out on the goods owned by other person and hence, it would qualify as job work. Further, from the said activity, new product viz. tyre is emerged which has distinct name, character and use and hence, the said activity will amounts to manufacture as well.

2.36 The Applicant's case falls under the Scenario 3 of Table 1 and Scenario 2 of Table 2 which are same and hence, the said scenarios must be discussed in detail. PQR Limited is carrying out an activity on raw material or inputs which results into emergence of new product viz. tyre which has distinct name, character and use. Therefore, the activity carried out by PQR Limited would be regarded as manufacture. Further, the activity carried out by PQR Limited can be said to be a process through which the tyres are manufactured. Also the said process is carried out on the inputs belonging to ABC Limited. Therefore, the manufacturing of tyres by PQR Limited by using inputs provided by ABC Limited which is a registered person would qualify as job work.

2.37 Keeping in mind the definition of the term 'manufacture' and the definition of the term 'job work' as provided in the CGST Act and on the basis of discussions in above paras, the Applicant submits that the activity carried out by the Applicant would qualify as manufacture as well as job work.

2.38 In this regard, reference can be drawn from answer to question No. 1 of Chapter "9. Job Work" of FAQs. The said question No. 1 and its answer is reproduced hereunder:

"Q 1. What is job work?
Ans. Job work means undertaking any treatment or process by a person on goods belonging to another registered taxable person. The person who is treating or processing the goods belonging to other person is called 'job worker' and the person to whom the goods belongs is called 'principal'.
This definition is much wider than the one given in Notification No. 214/86 – CE dated 23rd March, 1986. In the said notification, job work has been defined in such a manner so as to ensure that the activity of job work must amount to manufacture.

Thus the definition of job work itself reflects the change in basic scheme of taxation relating to job work in the proposed GST regime.

…..Emphasis Supplied

2.39 From the said clarification, it can be understood very well that the term 'job work' under GST regime is much wider enough to cover in its ambit the term 'manufacture' as well. Reference in this regard can also be made from the eFlyer on 'Job Work under GST' issued by the CBIC. In the said eFlyer, the CBIC has recognized that the job work may or may not result into manufacture. The relevant extract of the said eFlyer is reproduced hereunder:

"Introduction
Job work sector constitutes a significant industry in Indian economy. It includes outsourced activities that may or may not culminate into manufacture. The term Job-work itself explains the meaning. It is processing of goods supplied by the principal. The concept of job work already exists in Central Excise, wherein a principal manufacturer can send inputs or semi-finished goods to a job worker for further processing."

…..Emphasis Supplied

2.40 From the above clarification, it can be understood that any process or treatment whether amounting to manufacture or not, could qualify as job work, subject to the condition that the inputs are owned and supplied by other registered person and the job worker carries the treatment or process on such inputs.

2.41 In the case of **Prestige Engineering (India) Ltd. (supra),** while extending the benefit of exemption given under Notification No. 119/75–CE dated 30th April, 1975, Hon'ble Apex Court has categorically held that job work may or may not amount to manufacture. Further reliance in this regard is placed on the decision of Hon'ble Tribunal in the case of ***Eaton Fluid Power Ltd. vs. Commissioner of C. Ex., Pune [2014 (308) E.L.T. 602 (Tri. - Mumbai)]***. In the said case, Hon'ble Tribunal has specifically held that a job work may or may not amount to manufacture. The relevant extract of the said decision is reproduced hereunder:

"5.1 We observe that there is no dispute by the Revenue on the duty payments made on the finished products, namely, hydraulic power packs by the appellant which were cleared from the job workers' premises. There is also no allegation of under-valuation of the finished products either in the show cause notice nor any such findings has been recorded in the impugned order. Once the finished

product has correctly discharged the liability there cannot be any leakage of revenue. Cenvat credit envisages that duty/tax paid on the input/input services will be available for discharge of duty liability on the finished products. It is not in dispute that the inputs were used in the fabrication/assembly of the finished products. Similarly, it is also not in dispute that finished products did emerge at the job-workers' premises. In these circumstances, the conclusion drawn by the adjudicating authority that there is no job work involved in the present case is a contradiction in terms. A job work might amount to "manufacture" or might not amount to "manufacture". In many instances the job work results in production of a new commodity. For example, in the case of textile fabrics, a job-worker undertaking the process of bleaching or dyeing of fabrics, new products namely, dyed/bleached fabrics come into existence. Thus, the activities amount "manufacture". Similarly, in the case of a bus body built on a chassis, the activity amounts to "manufacture". Therefore, it cannot be said that since the activities undertaken result in a new commodity, there is no job-work involved. In view of the above, we do not find any merits in the Revenue's contention that merely because a finished product emerged as a result of the activity undertaken by the appellant, the same is not job-work.

…..Emphasis Supplied

2.42 Reliance in this regard is also placed on the ruling pronounced by the Maharashtra Appellate Authority for Advance Ruling in the case of ***Jsw Energy Limited [2020 (35) G.S.T.L. 456 (App. A.A.R. - GST - Mah.)].***

2.43 Further reliance in this regard, is placed on the following rulings pronounced by the Authority for Advance Ruling of different States:

a. Prodair Air Products India (P) Ltd. [2018 (18) G.S.T.L. 817 (A.A.R. - GST)];
b. Bharat Petroleum Corporation Ltd. [2018 (19) G.S.T.L. 119 (A.A.R. - GST)]; and
c. Inox Air Products Pvt. Ltd. [2018 (14) G.S.T.L. 147 (A.A.R. - GST)].

2.44 Also, the Heading 9988 pertains to job work, specifically includes the words, manufacturing services on physical inputs owned by others. The services are characterized as outsourced portions of a manufacturing process or a complete outsourced manufacturing process. It is settled position of law that job work is an activity which may or may not tantamount to manufacture. A job worker may undertake manufacturing of goods on account of others from the inputs supplied to him free of cost and realize job work charges on return of the goods so manufactured or processed.

2.45 The Applicant submits that the concept of job work under the GST and erstwhile indirect tax are not identical but they are similar insofar as it deals with carrying out an activity on the goods made available by the Principal, with the only difference being nature of activity undertaken is not restricted to result in manufacture.

2.46 On the basis of above, the Applicant submits that the term 'job work' would include the term 'manufacture'.

2.47 Now the Applicant would like to proceed with determination of rate of GST which needs to be charged on the job work activity carried out by the Applicant.

2.48 Section 9 of the CGST Act is the charging Section under GST regime. Subsection (1) of Section 9 of the CGST Act inter-alia provides that GST should be charged on all supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption. The said sub-section (1) of Section 9 also provides that the GST would be charged on the value determined under Section 15 of the CGST Act. The said sub-section (1) of Section 9 empowers the Government to issue notification after recommendations of the GST Council, for notifying rates of GST which would not exceed 40%. The said sub-section (1) of Section 9 reads as under:

> *"9. Levy and collection. – (1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person."*

2.49 As discussed in earlier paras, the activity of manufacturing RMC by the Applicant qualify as supply of service, the notification issued for notifying rates of GST for services would be relevant in the present case. In this regard, attention is invited to the fact that in exercise of powers conferred under sub-section (1) of Section 9 of the CGST Act, the Central Government has issued Notification No. 11/2017-Central Tax (Rate) dated 28th June, 2017 (hereinafter referred to as "Rate Notification") notifying the rates of GST for services. As

the activity carried out by the Applicant is in the nature of manufacturing services on physical inputs owned by others, SI. No. 26 of the Rate Notification would be relevant in the present case. The said SI. No. 26 provides the rate of GST for manufacturing services on inputs owned by others. The said SI. No. 26 reproduced hereunder:

TABLE

Sl. No.	**Chapter, Section or Heading**	**Description of Service**	Rate (per cent)	Condition
(1)	**(2)**	**(3)**	(4)	(5)
1	**Chapter 99**	**All Services**		
26	Heading 9988 (Manufacturing services on physical inputs (goods) owned by others)	(i) Services by way of job work in relation to— (a) printing of newspapers; (b) textiles and textile products falling under Chapters 50 to 63 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975); (c) all products, other than diamonds, falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975); (d) printing of books (including Braille books), journals and periodicals; (da) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 2.5 per cent or Nil; (e)*** (ea) *** (f) all food and food products falling under Chapters 1 to 22 in the First	2.5	

		Schedule to the Customs Tariff Act, 1975 (51 of 1975); (g) all products falling under Chapter 23 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), except dog and cat food put up for retail sale falling under tariff item 2309 10 00 of the said Chapter; (h)*** (i) manufacture of handicraft goods. Explanation.—The expression "handicraft goods" shall have the same meaning as assigned to it in the notification No. 32/2017 -Central Tax, dated the 15th September, 2017 published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i), vide number G.S.R. 1158(E), dated the 15th September, 2017 as amended from time to time. Explanation.—***		
		(ia) Services by way of job work in relation to— (a) manufacture of umbrella; (b) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 6 per cent	6	-
		(ib) Services by way of job work in relation to diamonds falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975);	0.75	-

		(ic) Services by way of job work in relation to bus body building. Explanation.—For the purposes of this entry, the term "bus body building" shall include building of body on chassis of any vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975	9	-
		(ica) Services by way of job work in relation to manufacture of alcoholic liquor for human consumption	9	-
		(id) Services by way of job work other than 78b[(i), (ia), (ib), (ic) and (ica)] above;	6	-
		(ii) Services by way of any treatment or process on goods belonging to another person, in relation to—(a) printing of newspapers; (b) printing of books (including Braille books), journals and periodicals. (c) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 2.5 per cent or Nil.	2.5	-
		(iia) Services by way of any treatment or process on goods belonging to another person, in relation to printing of all goods falling under Chapter 48 or 49, which attract CGST @ 6 per cent.	6	-
		(iii) Tailoring services.	2.5	-

		(iv) Manufacturing services on physical inputs (goods) owned by others, other than (i), (ia), (ib), (ic), (ica), (id), (ii), (iia) and (iii)] above.	9	-

…..Emphasis Supplied

2.50 It can be seen from above, as per SI. No. 26(id) of the Rate Notification, the rate of GST on job work services would be 12% (i.e. CGST – 6% and SGST – 6%). On the other hand, as per SI. No. 26(iv) of the Rate Notification, manufacturing services on physical inputs (goods) owned by others other than any other services covered in the said SI. No. 26 would be chargeable to GST @ 18% (i.e. CGST – 9% and SGST – 9%).

2.51 In this regard, reference can be made to the Circular No. 126/45/2019-GST dated 22nd November 2019, issued by CBIC which provided the clarification on scope of the SI. No. 26(id), related to job work, under Heading 9988 of the Rate Notification. The said circular clearly provides the demarcation between the scope of both these entries. The relevant extract of the said circular is reproduced hereunder:

> *"4. In view of the above, it may be seen that there is a clear demarcation between scope of the entries at item (id) and item (iv) under heading 9988 of Notification No. 11/2017-Central Tax (Rate) dated 28-06-2017. Entry at item (id) covers only job work services as defined in section 2 (68) of CGST Act, 2017, that is, services by way of treatment or processing undertaken by a person on goods belonging to another registered person. On the other hand, the entry at item (iv) specifically excludes the services covered by entry at item (id), and therefore, covers only such services which are carried out on physical inputs (goods) which are owned by persons other than those registered under the CGST Act."*

2.52 From the above clarification, it can be construed that the job work services would be chargeable to GST @ 12% as envisaged in SI. No. 26(id) of the Rate Notification. On the other hand, the manufacturing services carried out on physical inputs (goods) which are owned by unregistered persons would only be chargeable to GST @ 18% as envisaged in SI. No. 26(iv) of the Rate

Notification. While making the demarcation between these two entries, the circular has emphasized on the status viz. registered or unregistered, of the person on whose goods the treatment or process is carried out.

2.53 In the present case, as submitted in above paras, the activity carried out by the Applicant qualifies as job work in terms of sub-section (68) of Section 2 of the CGST Act. Therefore, such job work services provided by the Applicant to RCCL would be chargeable to GST @ 12%.

Conclusion

Based on the above provisions and discussions, the Applicant is convinced that the activity carried out by the Applicant would be classified as 'other non-metallic mineral product manufacturing services' and hence would merit classification under SAC 998853. Further, as the activity carried out by the Applicant also qualify as job work, the same would be chargeable to GST @ 12% as envisaged under SI. No. 26(id) of the Rate Notification.

2.54 Applicant filed reply to officer submission via email dated 11.12.2025, reproduced below.

This is in reference to the email/ remarks submitted by the Jurisdictional Officer in the matter of the Advance Ruling Application filed by Prayatna Infratech Private Limited. In this regard, we wish to place the following factual submissions for consideration of the Hon'ble Authority:

2.54.1 Description Mentioned in Tax Invoices:

The Applicant raises invoices by specifically mentioning the description "Mixing and Primary Transportation of RMC". Copy of a sample invoice is enclosed herewith as Annexure-1 for ready reference. The description used in the invoices clearly establishes that the Applicant is not undertaking supply of RMC as goods, but rather providing a service activity of mixing and primary transportation.

2.54.2 Work Orders Clearly State That Rates Are Without Material:

The Applicant periodically receives work orders from the registered service recipient. Under Sr. No. 8 – 'Type of Work', it is explicitly stated that the rates are without material. Copy of sample work orders is

enclosed herewith as Annexure-2. This establishes that all inputs such as cement, aggregates, admixtures, etc. required for preparation of RMC are supplied by the registered service recipient, and the Applicant is not supplying any material on its own account.

2.54.3 Nature of Activity as Per Detailed Work Order:

In the detailed work orders issued to the Applicant, the scope of work is categorically described as "Mixing and Primary Transportation of RMC". This confirms that the Applicant's role is limited to processing/ mixing of inputs supplied by the registered recipient and subsequently transporting the mixed RMC to the designated site. The Applicant does not transfer ownership of any goods, nor does it engage in the supply of RMC as a product.

2.54.4 Additional Submission Regarding Documents Furnished to Jurisdictional Officer:

It is further submitted that the Applicant had already furnished all requisite details, including copies of sample invoices and work orders, to the Jurisdictional Officer on 15th April 2025 itself. The information was submitted in complete conformity with the requirements communicated, and no further queries or requisitions were raised by the Jurisdictional Officer thereafter. Accordingly, the documents now enclosed merely supplement the records already made available to the Department.

2.54.5 Conclusion – Activity Qualifies as Job Work under GST:

Based on the above documentary evidence and factual position, it is evident that:

(1) The inputs (cement, aggregates, admixtures, etc.) are supplied by the registered service recipient and ownership of the same is not transferred at all.

(2) The Applicant merely undertakes processing of these inputs to convert them into RMC.

(3) Consideration is charged only for mixing and transportation services, not for supply of RMC; and

(4) The Applicant raises invoices for processing/ mixing and transportation services, not for supply of RMC as goods.

Accordingly, the activity undertaken by the Applicant squarely falls within the definition of "job work" under Section 2(68) of the CGST Act, being treatment or processing carried out on goods belonging to another registered person.

In view of the above documents and facts, it is respectfully submitted that the Applicant is providing job work services, and the appropriate Service Accounting Code (SAC) applicable is that for job work services on goods supplied by the registered service recipient. Accordingly, for the period upto and including 21st September 2025, the rate of GST was 12% and for the period from 22nd September 2025, the rate of GST would be 18%.

Applicant Submission dated 8.12.2025.

2.55 The Applicant respectfully submits that recently, the Central Government has issued Notification No. 15/2025-Central Tax (Rate) dated 17th September 2025, whereby SI. No. 26 of Notification No. 11/2017-Central Tax (Rate) dated 28th June 2017 has been substituted, resulting in an increase in the rate of GST on the subject job work services from 12% to 18% (9% CGST + 9% SGST) with effect from 22nd September 2025.

2.56 In view of the above subsequent change in law, and considering that the question before this Hon'ble Authority relates to the classification and rate of GST on an ongoing, continuous supply of services by the Applicant, we most humbly request that while pronouncing the ruling, this Hon'ble Authority may kindly:

1. Take note of and consider the above-mentioned amendment brought in by Notification No. 15/2025-Central Tax (Rate) dated 17th September 2025, effective from 22nd September 2025; and
2. Specifically mention the applicable rate of GST for two distinct periods, as under:

a. For the period up to and including 2151 September 2025:

GST@ 12% (6% CGST + 6% SGST) in terms of erstwhile SI. No. 26(id) of Notification No. 11/2017-Central Tax (Rate) dated 28th June 2017, as it stood prior to its substitution.

b. For the period from 22ad September 2025 onwards:

GST @ 18% (9% CGST + 9% SGST) in terms of substituted SI. No. 26 of Notification No. 11/2017-Central Tax (Rate) dated 28th June 2017, as amended by Notification No. 15/2025-Central Tax (Rate) dated 17th September 2025.

2.57 Save and except for the above change in the rate consequent to the substitution of SI. No. 26 of Notification No. 11/2017-Central Tax (Rate) dated 28th June 2017, there is no change in the facts of the case, the nature of the activity, or the questions raised in the original Advance Ruling application and detailed submissions already filed and on record of this Hon'ble Authority.

2.58 The Applicant craves leave to rely upon and reiterate the said application in Form GST ARA-01 and the comprehensive legal submissions without repetition.

2.59 In light of the above, the Applicant humbly prays that this Hon'ble Authority may be pleased to:

1. Take this letter on record as an intimation of subsequent change in law relevant to the pending application; and
2. While issuing the advance ruling, clearly spell out the applicable rate of GST on the subject job work services for the two periods, viz., for the period up to and including 21 September 2025 and from 22nd September 2025 onwards, as indicated above or as this Hon'ble Authority may deem fit and proper.

   The Applicant shall be pleased to furnish any further clarification or documents that this Hon'ble Authority may require in this regard.

3. CONTENTION – AS PER THE CONCERNED OFFICER:

The jurisdictional officer filed written submission via email dated 11.12.2025, reproduced below.

Question: What will be the applicable Service Accounting Code for the activity carried out by the Applicant on goods provided by the recipient?

Opinion: If the applicant is engaged in the supply of Ready-Mix concrete (RMC) and raised the invoice with description of 'Supply of RMC' then the applicant would not be liable to pay the GST as a job work. If the applicant makes the invoice with description of 'processing or treatment fee' or 'job work' charges then the applicant may fit in the term 'job work' for the job work it is necessary to make the agreement by and between RCCL and applicant, which should clearly state that ownership of inputs and outputs are belonged to RCCL and applicant is a service provider of making RMC.

4. HEARING

Virtual Preliminary hearing in the matter was held on 13.03.2025. Mr. Nagesh Jadhav, C.A. and The Jurisdictional Officer Mr. Shivaji Pandurang Sukre, State Tax Officer SGST also appeared.

The application was admitted and called for final hearing on 26.11.2025. Mr. Nagesh Jadhav, C.A. authorized representative appeared and made oral & written submissions. Jurisdictional Officer Mr. Kamble, Deputy Commissioner of SGST appeared. We heard both the sides.

5. OBSERVATIONS AND FINDINGS

5.1 The present application has been filed under Section 97 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017 (hereinafter referred to as "the CGST Act" and the "MGST Act" respectively) by M/s. Prayatna Infratech Private Limited (hereinafter referred to as "the Applicant"), seeking an advance ruling in respect of classification and applicable rate of tax on the activity undertaken by it for M/s. Riverview City Constructions Limited (RCCL). The Applicant is registered under the GST law and is engaged in setting up and operating a Ready-Mix Concrete (RMC)

batching plant at the project site of RCCL situated at Riverview City, Loni Kalbhor, Pune. The Applicant contends that the activity undertaken by it amounts to job work and is classifiable as manufacturing services on physical inputs owned by others. Since the application pertains to questions covered under Section 97(2) of the CGST Act, the same is admitted for consideration.

5.2 The Applicant has sought advance ruling on the following questions: (i) What would be the applicable Service Accounting Code (SAC) for the activity carried out by the Applicant on the goods owned and supplied by RCCL; and (ii) At what rate of Goods and Services Tax (GST) would tax be leviable on such activity. The Applicant has specifically submitted that RCCL supplies cement, sand, aggregates, water, admixtures and all principal raw materials free of cost, while the Applicant undertakes only the activity of weighing, batching, mixing, processing and primary transportation of RMC using its own plant, manpower, fuel, power and maintenance support. It is therefore necessary to examine whether the activity is a supply of goods or services and whether the same qualifies as job work under the GST law.

5.3 At the outset, it is clarified that the provisions of the CGST Act and the MGST Act are pari materia except for certain State-specific provisions. Therefore, unless a specific distinction is required, reference to the CGST Act in this order would also include corresponding reference to the MGST Act. Further, for the purpose of deciding the present matter, the statutory provisions relevant for determination are Section 7 relating to supply, Section 2(68) defining job work, Section 2(72) defining manufacture, Schedule II Para 3 dealing with treatment or process applied to another person's goods, and Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 as amended from time to time prescribing the applicable rate of GST on services.

5.4 We have carefully gone through the application, statement of facts, additional submissions, work orders, sample invoices, submissions made during the course of hearing, and the written submissions filed by the jurisdictional officer. We find that the Applicant has received work order from RCCL for "Mixing and Primary Transportation of RMC" and the invoices raised by the Applicant

also describe the activity in the same manner. The invoices do not indicate supply of RMC as sale of goods but reflect only service consideration for mixing and primary transportation. The value of cement, aggregates, sand, admixtures and other principal materials is not included in the Applicant's invoice value. This factual aspect is of significant importance for determination of the true nature of supply.

5.5 The Applicant has submitted that RCCL is engaged in construction of residential and non-residential buildings and is developing a large township project known as Riverview City. For the purpose of construction, RCCL requires continuous supply of Ready-Mix Concrete (RMC). The Applicant has accordingly established an automatic RMC batching plant at the project site itself. The plant consists of mechanical and electronic systems for precise weighing, batching and mixing of cement, sand, aggregates, water and chemicals as per approved mix design. The final product is prepared in plastic wet form and is immediately loaded into transit mixers for delivery within the construction site. The entire process is undertaken strictly as per specifications provided by RCCL and the output is delivered only to RCCL.

5.6 It is an admitted fact that all principal raw materials required for manufacture of RMC, namely cement, sand, aggregates, water and admixtures, are supplied by RCCL free of cost and ownership thereof remains with RCCL at all times. The Applicant does not purchase these materials on its own account and does not transfer title in such goods to RCCL. The Applicant bears only operational expenses such as electricity, diesel, labour charges, salaries, repairs and maintenance of machinery, supervision and other incidental costs required for running the batching plant. Thus, the contractual arrangement clearly establishes that the Applicant is not selling RMC manufactured out of its own materials but is merely undertaking processing and handling of goods belonging to RCCL.

5.7 The Applicant contends that:

1. The activity amounts to manufacture since a new product, RMC, with a distinct name, character and use emerges.

2. Since the manufacturing is carried out on inputs owned by RCCL, it falls under Heading 9988 – Manufacturing services on physical inputs owned by others**.**
3. More specifically, the activity merits classification under SAC 998853 – Other non-metallic mineral product manufacturing services**.**
4. The activity qualifies as job work under Section 2(68) of the CGST Act.
5. Accordingly, GST is chargeable at 12% (6% CGST + 6% SGST) under Sl. No. 26(id) of Notification No. 11/2017-CT (Rate).

5.8 The Applicant has relied upon:

1. Definition of manufacture under Section 2(72) of the CGST Act;
2. CBIC Circular No. 237/71/96-CX dated 12.08.1996.
3. Judgments of the Hon'ble Supreme Court including *Larsen & Toubro Ltd.*, *Prestige Engineering (India) Ltd.*;
4. CBIC Circular No. 38/12/2018-GST dated 26.03.2018;
5. Circular No. 126/45/2019-GST dated 22.11.2019;
6. Various AAR rulings including *JSW Energy Ltd.*, *Prodair Air Products*, *BPCL*, *Inox Air Products*.

5.9 The jurisdictional officer has contended that merely describing the invoices as job work would not be determinative and that proper contractual documentation must establish that ownership of both inputs and outputs remains with RCCL. It is further submitted that if the Applicant is engaged in supply of Ready-Mix Concrete as goods and invoices the same as "Supply of RMC", such activity may not qualify as job work. However, if the Applicant raises invoices as processing charges or treatment fees and the agreement clearly shows that ownership of both inputs and outputs vests with RCCL, the activity may fall within the ambit of job work. This objection requires careful examination on the basis of actual facts and documentary evidence available on record.

5.10 Upon examination of the work orders and invoices produced by the Applicant, we find that the scope of work is consistently described as "Mixing and Primary Transportation of RMC" and the rates are specifically stated to be "without

material." This expression is significant because it clearly demonstrates that the consideration charged is only for the service portion and not for transfer of goods. The work order does not indicate sale of RMC as an independent commodity by the Applicant. Further, the Applicant has categorically established that ownership of the materials and resultant RMC remains with RCCL. Therefore, the objection of the jurisdictional officer stands sufficiently addressed by documentary evidence and factual position on record.

5.11 The first issue for determination is whether the activity undertaken by the Applicant constitutes supply of goods or supply of services. Section 7 of the CGST Act defines supply in an inclusive manner and sub-section (1A) thereof provides that once an activity qualifies as supply, its classification as supply of goods or services shall be determined in accordance with Schedule II. Para 3 of Schedule II specifically provides that any treatment or process which is applied to another person's goods shall be treated as supply of services. In the present case, the Applicant is admittedly applying a process of weighing, batching, mixing and chemical treatment on goods belonging to RCCL. Therefore, by virtue of Schedule II Para 3, the activity is statutorily treated as a supply of service.

5.12 The Applicant has strongly argued that the activity amounts to manufacture because a new product namely Ready-Mix Concrete emerges having distinct name, character and use. Reliance has been placed on Section 2(72) of the CGST Act, CBIC Circular No. 237/71/96-CX dated 12.08.1996, and several judgments of the Hon'ble Supreme Court including Delhi Cloth Mills, Empire Industries, Prestige Engineering and Larsen & Toubro Ltd. We find merit in the Applicant's submission that RMC is a commercially distinct product and the process undertaken results in emergence of a new product different from its constituent inputs. Even under the erstwhile excise regime, CBIC had clarified that RMC amounts to manufactured goods and the Hon'ble Supreme Court in Larsen & Toubro Ltd. recognized RMC as an excisable product.

5.13 However, under the GST regime, the taxable event is not manufacture but supply. The concept of manufacture remains relevant only for limited

interpretational purposes and cannot override the specific deeming fiction created under Schedule II. Even if the activity results in manufacture in general commercial sense, where such manufacture is carried out on another person's goods, Para 3 of Schedule II mandates that the activity shall be treated as supply of services. Therefore, reliance on excise jurisprudence is useful only to establish that a distinct product emerges, but it does not alter the statutory classification of the activity as a service under GST. Hence, the Applicant's reliance on manufacture supports classification under Heading 9988 but does not convert the transaction into supply of goods.

5.14 The next issue for consideration is whether the activity undertaken by the Applicant qualifies as "job work" within the meaning of Section 2(68) of the CGST Act. Section 2(68) defines job work as "any treatment or process undertaken by a person on goods belonging to another registered person." The definition is wide and does not restrict itself only to minor processing or ancillary activities. The essential ingredients are: (i) there must be treatment or process; (ii) such treatment or process must be on goods belonging to another person; and (iii) such other person must be a registered person under GST. Once these three conditions are satisfied, the activity qualifies as job work irrespective of whether the process results in emergence of a new product.

5.15 In the present case, all the three statutory conditions are clearly satisfied. Firstly, the Applicant undertakes substantial processing activities such as lifting of cement, aggregates and sand, batching through automated controls, addition of water and admixtures, chemical treatment, controlled mixing and loading into transit mixers. Secondly, the goods processed belong to RCCL and ownership is never transferred to the Applicant. Thirdly, RCCL is admittedly a registered person under GST. Therefore, the statutory ingredients of Section 2(68) stand fulfilled in entirety. Merely because a commercially distinct product emerges at the end of the process, the nature of the activity does not cease to be job work.

5.16 The Applicant has rightly relied upon CBIC Circular No. 38/12/2018-GST dated 26.03.2018 wherein it has been clarified that a job worker, in addition to goods

received from the principal, may use his own goods such as power, fuel and other consumables for providing job work services. The Circular specifically clarifies that the scope of job work is to be determined based on facts and circumstances and use of own consumables by the job worker does not take the activity outside the scope of job work. In the present case, the Applicant bears expenses such as fuel, electricity, labour, maintenance and operational support. These are merely facilitating inputs and do not affect the ownership of principal goods supplied by RCCL. Therefore, such expenditure does not disentitle the Applicant from claiming job work classification.

5.17 The Applicant has also relied upon the decision of the Hon'ble Supreme Court in Prestige Engineering (India) Ltd. wherein it was recognized that job work may or may not amount to manufacture. This principle is well settled. In many industrial arrangements, the job worker undertakes substantial manufacturing operations and yet remains only a processor working on principal's goods. The emergence of a new product is therefore not inconsistent with job work. The FAQs issued by CBIC and the e-Flyer on Job Work under GST also recognize that job work may culminate into manufacture. We find that the Applicant's case squarely falls within this principle since the Applicant manufactures RMC using goods owned by RCCL and charges only service fees.

5.18 The Applicant has further relied upon various Advance Ruling decisions such as JSW Energy Ltd., Prodair Air Products, Bharat Petroleum Corporation Ltd., and Inox Air Products Pvt. Ltd., wherein processing carried out on principal's goods resulting in emergence of a new product was still held to be job work. These rulings consistently support the proposition that where ownership of goods remains with the principal and only service consideration is charged, the activity falls within the scope of job work. The facts of the present case are substantially similar and therefore such reliance is justified.

5.19 The jurisdictional officer has expressed concern that contractual documents must clearly establish ownership of both inputs and outputs. We agree with this principle. However, in the present case, the work order shows that the rates are "without material" and the invoices raised by the Applicant mention only

"Mixing and Primary Transportation of RMC." No separate consideration is charged for the value of RMC as goods. The Applicant has also clarified that ownership of the inputs and resultant output always remains with RCCL. These documents and facts sufficiently establish that the Applicant is not supplying RMC as goods but is only rendering a processing service. Accordingly, we hold that the activity undertaken by the Applicant qualifies as job work under Section 2(68) of the CGST Act.

5.20 Having concluded that the activity is a supply of service and also qualifies as job work, the next issue is classification under the Scheme of Classification of Services. The Applicant has claimed classification under Heading 9988 which covers –

> *"9988 Manufacturing services on physical inputs owned by others*
> *The services included under Heading 9988 are performed on physical inputs owned by units other than the units providing the service. As such, they are characterized as outsourced portions of a manufacturing process or a complete outsourced manufacturing process. Since this Heading covers manufacturing services, the output is not owned by the unit providing this service. Therefore, the value of the services in this Heading is based on the service fee paid, not the value of the goods manufactured."*

We find that Heading 9988 specifically covers services performed on physical inputs owned by persons other than the service provider and such services are characterized as outsourced portions of a manufacturing process or even a complete outsourced manufacturing process. The explanatory notes further provide that the output is not owned by the service provider and the value is based on service fees rather than the value of goods manufactured. This description exactly matches the Applicant's business model.

5.21 Within Heading 9988, the Applicant has sought classification under SAC 998853 which includes:

> *"998853 Other non-metallic mineral product manufacturing services*
> *This service code includes glass manufacturing services, refractory product manufacturing services, clay building material manufacturing services, porcelain and ceramic product manufacturing services, cement, lime and plaster manufacturing services, concrete, cement and plaster article manufacturing*

services, stone cutting, shaping and finishing services, other non-metallic mineral product manufacturing services n.e.c."

The explanatory note for SAC 998853 specifically includes "concrete, cement and plaster article manufacturing services" and other non-metallic mineral product manufacturing services. Ready-Mix Concrete is undeniably a form of concrete and is produced through a specialized automated process involving cement, aggregates, water and admixtures. The activity undertaken by the Applicant is therefore directly relatable to concrete manufacturing services. There is no separate exclusion or more specific competing entry applicable to the present facts. Hence, classification under SAC 998853 is appropriate and legally sustainable.

5.22 The next issue concerns the applicable rate of GST. As the activity carried out by the Applicant is in the nature of manufacturing services on physical inputs owned by others, SI. No. 26 of the Rate Notification would be relevant in the present case. The said SI. No. 26 provides the rate of GST for manufacturing services on inputs owned by others. The said SI. No. 26 reproduced hereunder:

TABLE

Sl. No.	***Chapter, Section or Heading***	***Description of Service***	*Rate (per cent)*	*Condition*
(1)	***(2)***	***(3)***	*(4)*	*(5)*
1	***Chapter 99***	***All Services***		
26	*Heading 9988 (Manufacturing services on physical inputs (goods) owned by others)*	*(i) Services by way of job work in relation to –* *(a) printing of newspapers;* *(b) textiles and textile products falling under Chapters 50 to 63 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975);* *(c) all products, other than diamonds, falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975);* *(d) printing of books (including Braille books), journals and periodicals;*	*2.5*	

		(da) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 2.5 per cent or Nil; *(e)**** *(ea) **** *(f) all food and food products falling under Chapters 1 to 22 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975);* *(g) all products falling under Chapter 23 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), except dog and cat food put up for retail sale falling under tariff item 2309 10 00 of the said Chapter;* *(h)**** *(i) manufacture of handicraft goods.* *Explanation.—The expression "handicraft goods" shall have the same meaning as assigned to it in the notification No. 32/2017 -Central Tax, dated the 15th September, 2017 published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i), vide number G.S.R. 1158(E), dated the 15th September, 2017 as amended from time to time. Explanation.—****		
		(ia) Services by way of job work in relation to— *(a) manufacture of umbrella;* *(b) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 6 per cent*	*6*	*-*
		(ib) Services by way of job work in relation to diamonds falling under Chapter 71 in the	*0.75*	*-*

		First Schedule to the Customs Tariff Act, 1975 (51 of 1975);		
		(ic) Services by way of job work in relation to bus body building. *Explanation. – For the purposes of this entry, the term "bus body building" shall include building of body on chassis of any vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975*	*9*	*-*
		(ica) Services by way of job work in relation to manufacture of alcoholic liquor for human consumption	*9*	*-*
		(id) Services by way of job work other than 78b[(i), (ia), (ib), (ic) and (ica)] above;	*6*	*-*
		(ii) Services by way of any treatment or process on goods belonging to another person, in relation to – (a) printing of newspapers; *(b) printing of books (including Braille books), journals and periodicals.* *(c) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 2.5 per cent or Nil.*	*2.5*	*-*
		(iia) Services by way of any treatment or process on goods belonging to another person, in relation to printing of all goods falling under Chapter 48 or 49, which attract CGST @ 6 per cent.	*6*	*-*
		(iii) Tailoring services.	*2.5*	*-*

		(iv) Manufacturing services on physical inputs (goods) owned by others, other than (i), (ia), (ib), (ic), (ica), (id), (ii), (iia) and (iii)] above.	*9*	-

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 prescribes GST rates for services. Sl. No. 26 of the Notification deals with Heading 9988 relating to manufacturing services on physical inputs owned by others. Entry at Sl. No. 26(id) specifically covers "services by way of job work other than" the specifically enumerated categories and prescribes GST at 12% (6% CGST + 6% SGST) as applicable during the relevant period. Entry at Sl. No. 26(iv), on the other hand, is a residual entry for "manufacturing services on physical inputs (goods) owned by others" not covered elsewhere and attracts GST at 18% (9% CGST + 9% SGST).

5.23 The distinction between Sl. No. 26(id) and Sl. No. 26(iv) has been clearly explained in CBIC Circular No. 126/45/2019-GST dated 22.11.2019. The Circular categorically states that Sl. No. 26(id) applies only to job work services as defined under Section 2(68), namely treatment or processing undertaken on goods belonging to another registered person. Sl. No. 26(iv), being the residual entry, applies to other manufacturing services on physical inputs owned by others where such activity does not qualify as job work, particularly where the goods belong to persons other than registered persons. Thus, the status of the principal as a registered person is a crucial determinant for deciding between these two entries.

5.24 In the present matter, RCCL is admittedly a registered person under GST and the activity undertaken by the Applicant qualifies as job work under Section 2(68). Therefore, by virtue of the statutory definition and the CBIC Circular, the activity falls squarely under Sl. No. 26(id) and not under the residual entry Sl. No. 26(iv). Once the transaction satisfies the definition of job work, recourse to the residual entry is not permissible. The Applicant is therefore correct in contending that the applicable GST rate for the relevant period prior to amendment is 12% and not 18%.

5.25 The Applicant has also brought to our notice Notification No. 15/2025-Central Tax (Rate) dated 17.09.2025, whereby Sl. No. 26 of Notification No. 11/2017-Central Tax (Rate) was substituted with effect from 22.09.2025, resulting in revision of the applicable rate structure. The Applicant has specifically requested that the ruling should reflect the applicable rate for two distinct periods so as to avoid ambiguity in future compliance. We find merit in this request because the question raised concerns an ongoing continuous supply of service and the rate applicable has changed during the pendency of proceedings.

5.26 Accordingly, we hold that up to and including 21.09.2025, the activity of the Applicant, being job work service covered under Sl. No. 26(id) of Notification No. 11/2017-Central Tax (Rate), was liable to GST at the rate of 12% (6% CGST + 6% SGST). With effect from 22.09.2025, consequent upon substitution of the relevant entry by Notification No. 15/2025-Central Tax (Rate), the applicable GST rate stands revised to 18% (9% CGST + 9% SGST). This conclusion is consistent with the Applicant's submissions and the amended legal position.

5.27 In view of the foregoing discussion, we conclude that the Applicant is not engaged in supply of Ready-Mix Concrete as goods but is providing a supply of service by way of treatment and processing of goods belonging to another registered person. The activity is classifiable as manufacturing services on physical inputs owned by others under Heading 9988 and more specifically under SAC 998853 as other non-metallic mineral product manufacturing services. Since the conditions of Section 2(68) are fully satisfied, the activity qualifies as job work. Consequently, the concessional rate applicable under Sl. No. 26(id) of Notification No. 11/2017-Central Tax (Rate) applies for the relevant period and thereafter the revised rate under Notification No. 15/2025 applies from 22.09.2025 onwards.

6. In view of the extensive deliberations as held hereinabove, we pass an order as follows:

ORDER

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

NO.GST-ARA- 52/2022-23/B- 156 Mumbai, dt. 28.09.2026

For reasons as discussed in the body of the order, the question is answered thus –

Question 1: What will be the applicable Service Accounting Code for the activity carried out by the Applicant on the goods owned and supplied by the Riverview City Constructions Limited?

Answer: - The activity is classifiable under SAC 998853 – Other non-metallic mineral product manufacturing services**.**

Question 2: At what rate, Goods and Services Tax would be charged on the activity carried out by the Applicant on the goods owned and supplied by the Riverview City Constructions Limited?

Answer: - GST is payable at the rate of 12% (6% CGST + 6% SGST) up to 21.09.2025 under Sl. No. 26(id) of Notification No. 11/2017-CT (Rate) dated 28.06.2017 and at the rate of 18% (9% CGST + 9% SGST) from 22.09.2025 under Sl. No. 26 of Notification No. 11/2017-CT (Rate) dated 28.06.2017, as amended by Notification no. 15/2025-Central Tax (Rate) dated 17.09.2025.

D.P. GOJAMGUNDE
(MEMBER)

HIMANI DHAMIJA
(MEMBER)

PLACE - Mumbai

Copy to:-

1. The applicant
2. The concerned Central / State officer
3. The Commissioner of State Tax, Maharashtra State, Mumbai
4. The Pr. Chief Commissioner of Central Tax, Churchgate, Mumbai
5. The Joint commissioner of State Tax, Mahavikas for Website.

Note:-An Appeal against this advance ruling order shall be made before The Maharashtra Appellate Authority for Advance Ruling for Goods and Services Tax, 15th floor, Air India Building, Nariman Point, Mumbai – 400021. Online facility is available on **gst.gov.in** for online appeal application against order passed by Advance Ruling Authority.