

IL&FS Education and Technology Services Ltd.

Appellate Authority for Advance Ruling — Maharashtra

MAH/AAAR/SS-RJ/18/2018-19 dated 04.02.2019

Q Questions Before the Authority

- Whether the supplies of goods and services by the Appellant to the Director of Education (S & HS) qualify for exemption in terms of Entry No. 72 of Notification No. 12/2017- C.T. (Rate).

F Facts

The Appellant entered into an agreement with the Director of Education (S & HS), Maharashtra, to implement an ICT project in government and government-aided schools under a Build, Own, Operate and Transfer (BOOT) model. The project involves supplying computer hardware, software, and site preparation, alongside providing computer training services to students and teachers for a period of five years. The Appellant sought an advance ruling on whether these supplies qualify for the exemption under Entry No. 72 of Notification No. 12/2017- C.T. (Rate).

H Ruling

Applicability of exemption under Entry No. 72 of Notification No. 12/2017- C.T. (Rate)

The supplies qualify for exemption.

The authority determined the arrangement is a composite supply with computer training as the principal supply.

The Appellate Authority for Advance Ruling modified the original order and held that the supplies of goods and services by the Appellant to the Director of Education (S & HS) qualify for the exemption under Entry No. 72 of Notification No. 12/2017- C.T. (Rate). The authority concluded that the arrangement constitutes a composite supply where the principal supply is the provision of computer training services.

R Reasoning

The authority reasoned that the project is a **composite supply** where the provision of computer training is the principal supply, and the supply of hardware and infrastructure is ancillary to achieving the objective of imparting education. It noted that the entire expenditure is borne by the government and the services are provided under a training programme, satisfying the conditions of Entry No. 72. The authority rejected the view that the supply was artificially bundled, emphasizing that the **nature of the project** as a whole is to provide education, not merely to supply hardware. It relied on the definition of composite supply under Section 2(30) of the CGST Act.

P Provisions Relied On

Section 2(30) of the CGST Act

Section 8 of the CGST Act

Entry No. 72 of Notification No. 12/2017- C.T. (Rate)



For the Practitioner

This ruling is highly beneficial for service providers operating under government-led ICT or educational projects using a BOOT model, as it confirms that such arrangements can be treated as **exempt composite supplies** of training services. It clarifies that the inclusion of hardware and infrastructure does not necessarily disqualify the entire contract from exemption if the principal objective is training. However, practitioners should note that this decision is highly fact-specific regarding the **predominant nature of the contract** and the funding structure.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority; where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> mah.aaar ssrj.18-2018-19 04.02.19.pdf

Prepared 13-10-2026.

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