M/s Immense Construction Company (appellant; printed as 'M/s immense construction company' in the subject line)

Appellate Authority for Advance Ruling — Telangana

AAAR.COM/03/2024, Date: 23.09.2026 (Order-in-Appeal No. AAAR/02/202… Dated **23.09.2026**

Q Questions Before the Authority

- Whether the supply of services by the Applicant to M/s The Indian Hume Pipe Company Ltd. is covered by Notification No. 12/2017-Central Tax (Rate), dated 28.06.2017, as amended by Notification No. 2/2018-Central Tax (Rate), dated 25.01.2018.
- If the supplies are covered by that Notification, what is the applicable rate of tax under the GST Act on such supplies.
- If the supplies are not covered by that Notification, what is the applicable rate of tax on such supplies under the GST Act.

F Facts

The appellant undertakes operation and maintenance contracts for water supply and sewerage projects. It was sub-contracted by The Indian Hume Pipe Co. Ltd., the principal contractor, which holds the Mission Bhagiratha O&M work for the State of Telangana. Under a work order dated 15.04.2022, the appellant supplies manpower (supervisors, skilled, semi-skilled and unskilled workers) to the principal contractor on a per man-day basis for twelve months, with rates stated to be exclusive of CGST at 9% and SGST at 9%.

H Ruling

Whether the supply of services to M/s The Indian Hume Pipe Co. Ltd. is covered by the Notification 12/2017-CT(Rate), as amended (Sl. No. 3 and 3A)	**No**	The **recipient condition** is not met. The principal contractor is a private company, not the Central or State Government, a local authority, a governmental authority or a Government Entity. The fact that the ultimate project is a Government project does not change the identity of the recipient.
Applicable rate if the supply were covered by the Notification	**Not applicable**	The lower authority's answer to this question was not applicable. The appellate authority did not revisit it because the supply is not covered.
Applicable rate if the supply is not covered by the Notification	**18% (CGST 9% + SGST 9%)**	Stated as subject to the applicable classification and rate notification. The order does not separately identify the HSN or the Schedule under which the rate falls.

The authority held that the appellant's supply to The Indian Hume Pipe Co. Ltd. is not covered by Sl. No. 3 or Sl. No. 3A of Notification No. 12/2017-Central Tax (Rate), as amended. The appeal was rejected and the lower authority's ruling was upheld. The supply is taxable at 18% (CGST 9% and SGST 9%), subject to the applicable classification and rate notification.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

R Reasoning

The authority read Sl. No. 3 and Sl. No. 3A as requiring that the composite or pure service be provided to a specified recipient, namely the Central or State Government, a UT, a local authority, a governmental authority or a Government Entity, in relation to Article 243G or 243W functions. The immediate recipient here was the private principal contractor, so the recipient condition failed. Describing the activity as pure services or manpower supply, or showing that goods were not more than 25 per cent, does not cure that failure. The authority distinguished State of Karnataka v. Taghar Vasudeva Ambrish (SC, 04.12.2025) as a case on Entry 12 (residential renting) that turned on the meaning of 'use as a residence', and applied the rule that exemption notifications are construed strictly (Dilip Kumar, (2018) 9 SCC 1). It also held that the earlier Circular No. 147/16/2011-ST and Larsen and Toubro (2008) 17 VST 1 arose under the erstwhile regime and cannot override the express conditions of the GST notification. The work order itself provided for GST to be charged.

P Provisions Relied On

- Section 100(1) of the CGST/TGST Act, 2017 (appeal against advance ruling)
- Section 101(1) of the CGST/TGST Act, 2017 (order-in-appeal)
- Section 97(2), Section 102, Section 103 and Section 104(1) of the Act (as referred to in the preamble)
- Notification No. 12/2017-Central Tax (Rate), dated 28.06.2017, Sl. No. 3 and Sl. No. 3A
- Notification No. 2/2018-Central Tax (Rate), dated 25.01.2018 (inserting Sl. No. 3A)
- Article 243G and Article 243W of the Constitution (as referenced in Sl. No. 3)
- Circular No. 147/16/2011-Service Tax, dated 21.10.2011 (considered and distinguished)
- State of Andhra Pradesh v. Larsen and Toubro Ltd., (2008) 17 VST 1 (SC) (considered and distinguished)
- The State of Karnataka v. Taghar Vasudeva Ambrish, Civil Appeals Nos. 7846-7847 of 2023 (SC, 04.12.2025) (considered a…
- Commissioner of Customs (Import), Mumbai v. Dilip Kumar and Company, (2018) 9 SCC 1 (exemption notifications construe…

! For the Practitioner

This order is useful for a subcontractor on a Government project where the principal contractor is a private company. It confirms that the recipient condition in Sl. No. 3 and 3A is tested against the immediate recipient of the supply, not the ultimate Government client. It also confirms that a 'pure services' or 'manpower supply' label does not by itself confer exemption. The order does not decide whether the principal contractor's own supply to the Government is exempt, nor the correct HSN or heading for manpower supply, since the rate is stated only as subject to the classification and rate notification. The advance ruling is binding only on the applicant and the jurisdictional officers under Section 103, and the order was issued by a bench of the state and central officers.

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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 -> aaar.com032024.pdf

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