M/s. Magnam Netlink Private Limited, 809 to 812, Sanket Heights, 8th Floor, Sun Pharma Road, Vadodara 390015 (Guj); GSTIN 24AAGCM6003L1ZK

Authority for Advance Ruling — Gujarat

Advance Ruling No. GUJ/GAAR/R/06/2020 (In Application No. Advance R… Dated **19.03.2020**

Q Questions Before the Authority

- Does Notification No. 20/2017-Central Tax (Rate) dated 22.08.2017, which covers composite supply of works contract supplied by way of construction, erection, commissioning or installation of original works pertaining to mechanised food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages, cover works contract for units processing milk (i.e. dairy and food processing industry)?

F Facts

The applicant is an EPC contractor for the dairy and food processing sector. It was awarded a turnkey contract by the Bihar State Milk Co-operative Federation Ltd. for design, construction, supply, installation and commissioning of a dairy plant at Purnea. The contract has a civil work part (Rs. 10.71 crore) and an electro-mechanical part (Rs. 14.69 crore, split into supply of Rs. 13.51 crore and installation of Rs. 1.18 crore). The applicant said the only finished product would be pouch milk, packed by a Make-Domino pouch filling and coding machine.

H Ruling

Whether Notification 20/2017-CT(Rate) covers works contract for units processing milk (dairy plant contract at Purnea, awarded by Bihar State Milk Co-operative Federation Ltd.)	**No. The notification does not cover the supplies made or to be made under the work order dated 09.05.2018. No rate is stated in the order.**	Civil work is outside the entry because it involves no machinery or equipment. Electro-mechanical supplies are outside it because the pouch filling machine is movable goods already in existence and milk is not agricultural produce at that stage. The applicant's claimed 12% (6%+6%) rate is therefore not accepted for the contract.

The authority held that the notification does **not cover** the supplies made under the work order, so the concessional rate for works contracts under Entry 3(v)(f) is not available. The civil work has no supply of machinery or equipment and falls outside the entry. The pouch filling machine is movable, already in existence before supply, and is used on milk that has already been processed by someone other than a cultivator or producer, so it is not machinery for processing agricultural produce.

R Reasoning

The authority tested the pouch filling machine against the three limbs of Entry 3(v)(f) of Notification 11/2017-CT(Rate), as amended by Notification 20/2017-CT(Rate). On composite supply under s.2(30), it held that

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

the work order itself splits the supply and installation portions and requires item-wise pricing, so no composite supply arises. On works contract under s.2(119), it held that the machine is movable and saleable, that it is not an immovable property and that it is not created by any work, relying on Sirpur Paper Mills (1998 97 ELT 3 SC). On the 'original works' and 'agricultural produce' limbs, it held that the machine is not newly constructed, and that milk processed by someone other than a cultivator or producer loses its status as agricultural produce.

P Provisions Relied On

Section 97(2)(b) of the CGST/GGST Act, 2017 (question on applicability of a notification)

Section 2(30) CGST Act, 2017 (composite supply)

Section 2(119) CGST Act, 2017 (works contract)

Notification No. 20/2017-Central Tax (Rate) dated 22.08.2017

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, Sr. No. 3, entry (v)(f), and paragraph 4 (vii) definition of agricul…

Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, definitions of agricultural produce (clause (d)) and original wor…

Case law cited: TTG Industries Ltd (2004 167 ELT 501 SC), relied on by the applicant; Sirpur Paper Mills Ltd (1998 97 ELT 3…

! For the Practitioner

This ruling is useful for a practitioner advising on concessional rates for dairy or food processing plant contracts. It shows that Entry 3(v)(f) turns on the nature of the individual supply, not the overall project label, and that movable, pre-existing equipment such as a pouch filling machine falls outside it. It does not decide whether milk is agricultural produce in general, and it does not address the position for a dairy plant where the processing happens at the farm level. Because the order cites two different definitions of agricultural produce, the full text should be checked before relying on the reasoning in para 14.8.

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 -> guj_aar_06_2020_19.03.2020_mnpl.pdf

Prepared 20-11-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)
RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Mumbai
104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Delhi
3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Gurugram
Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram…

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

Talk to us: +91 94594 56700 | sales@patronaccounting.com | patronaccounting.com