

WEST BENGAL AUTHORITY FOR ADVANCE RULING  
GOODS AND SERVICE TAX  
14 Beliaghata Road, Kolkata – 700015

Name of the applicant	Vesuvius India Ltd
Address	P – 104, Taratola Road, Kolkata - 700088
GSTIN	19AAACV8995Q1Z1
Office of the concerned officer	Joint Commissioner of State Tax, Large Taxpayer Unit, 14 Beliaghata Road, Kolkata - 700015
Case Number / ARN	15 of 2018
Date of application	03 <sup>rd</sup> May, 2018
Order No. & date	13/WBAAR/2018-19 dated 20/07/2018
Applicant's representative heard	Sri Soumitra Gooptu, Authorized Representative Sri Sohrab Bararia, FCA

1. The Applicant, stated to be a supplier of end to end system solutions for controlled casting of iron and steel which includes supply of refractory components and associated services. The Applicant now intends to offer a new supply, namely Contract Management System (hereinafter referred to as "CMS"), and is seeking a Ruling on whether the activity proposed to be undertaken as CMS will result in supply of goods or services within the meaning of that term under the CGST/WBGST Acts, 2017 (hereinafter referred to as "the GST Act"), and the time of supply when so determined.

Advance Ruling is admissible on this question under Section 97(2) clauses (c) and (g) of the CGST/WBGST Acts, 2017.

The Applicant further submits that the questions raised are neither decided by nor pending for decision before any authority under any provisions of the GST Act.

The officer concerned raises no objection to admission of the Application.

The Application is, therefore, admitted.

2. The queries raised by the Applicant are related to activities proposed to be undertaken. The queries are, therefore, examined based entirely on the description of the activities provided by the Applicant, including a copy of the intended agreement with the customers, and written submissions provided at the time of Personal Hearing.
3. The CMS, according to the Applicant, includes but not limited to application, installation and fixation of various refractories. The Applicant will design the refractories required, monitor their usage and inventory, and supply the required refractory components and systems. This apart, the Applicant will monitor round-the-clock the flow of iron and steel. The CMS will include the following processes.

a) Total Tundish Management (hereinafter referred to as "TTM") - Tundish is a bathtub like material where hot steel is poured and collected. It then flows into the mould and takes the desired shape. Several such tundishes are used on rotational basis in course of production of steel. They are lined with refractory for providing protection to the vessels. Refractory components and systems are also fitted to the tundishes for monitoring the process. They help controlling the flow of the liquid steel into the moulds. These refractories need to be replaced

frequently. The systems also need timely and regular maintenance. The TTM proposes to provide continuous monitoring of the process for taking care of all these requirements. Consideration for TTM will be provided at an agreed rate for every tonnage of steel produced using the tundishes.

b) Ladle Management System (hereinafter referred to as “LMS”) - Ladles are bucket like items used for carrying the hot metal. Like tundishes they also need to be lined with refractories. Systems installed at the bottom of the ladles help controlling the flow of the hot metal. The LMS proposes to monitor the process continuously, replace the refractories and maintain the systems for smooth transportation of the hot metal in ladles. Consideration for LMS will be paid at an agreed rate for every tonnage of hot metal transported from one place to another within the plant and poured into the tundishes

c) Trough Management System (hereinafter referred to as “TMS”) - The hot iron produced in the blast furnace flows into the ladles along troughs. These troughs have limited life and are required to be erected and maintained on regular basis. Refractories are also to be applied on the walls of the trough so that they can hold the hot metal. TMS offers activities that include erection and maintenance of these troughs, including regular application of refractories on the walls. Consideration for TMS will be paid at an agreed rate for every tonnage of hot iron produced.

4. The Applicant submits that the scope of work for CMS, specifically TTM and TMS, involves, *inter alia*,
  - Refractory design, supply, application, performance, inventory management, and disposal post application;
  - 24/7 monitoring of flow of the hot metal, and quality control of the steel production process.
  
5. The Applicant is very clear in stating that the procedure undertaken under the proposed CMS will not involve transfer of title to the refractories used in course of the production process. Use of the refractories delivered to the customer, including application and disposal, will continue to be controlled by the Applicant.  
Furthermore, the Applicant will not be paid for the supply of refractories, but for managing the flow of the hot metal in production of iron and steel at an agreed rate per tonne of liquid metal manufactured on monthly basis.
  
6. It is clear from the above description of the activities proposed to be undertaken that the Applicant supplies service associated with the manufacturing of metal, value of which is measured at an agreed rate per tonne of hot metal produced and that the Applicant manufactures refractories, which are used as inputs as defined under Section 2(59) of the GST Act.
  
7. Provisioning of the service involves, *inter alia*, round-the-clock monitoring of the production process during the entire contract period, and continuous evaluation of the requirement of refractories, quality control, replacement and disposal of used refractories etc. Invoices are to be raised on monthly basis at an agreed rate per tonne of the hot metal manufactured during the period.

8. It is, therefore, continuous supply of service within the meaning of Section 2(33) of the GST Act, provided the service is agreed to be provisioned for a period exceeding three months.
9. In the present context provisioning of the service is measured on monthly basis, and the date of payment is within thirty days from end of the month (as stated in clause 4 of the intended Agreement with the Customers). The tax invoice shall, therefore, be issued in terms of Section 31(5)(b) on or before the supplier receives the payment, and the time of supply shall be the date of issue of invoice in terms of Section 13(2)(a) read with Section 31(2) of the GST Act and Rule 47 of the GST Rules.

In view of the foregoing we rule as under:

### **RULING**

Activities the Applicant proposes to undertake are services associated with manufacturing of metal, and may be termed as “continuous supply of service” within the meaning of Section 2(33) of the GST Act, provided the service is agreed to be provisioned for a period exceeding three months.

The time of supply shall be the date of issue of invoice in terms of Section 13(2) (a), read with Section 31(2) of the GST Act and Rule 47 of the GST Rules.

This Ruling is valid subject to the provisions under Section 103 until and unless declared void under Section 104(1) of the GST Act.

Sd-  
(VISHWANATH)  
Member

Sd-  
(PARTHASARATHI DEY)  
Member

West Bengal Authority for Advance Ruling

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