



RAJASTHAN AUTHORITY FOR ADVANCE
RULING
GOODS AND SERVICES TAX

NCR BUILDING, STATUE CIRCLE, C-SCHEME
JAIPUR – 302005 (RAJASTHAN)



ADVANCE RULING NO.RAJ/AAR/2018-19/09

Nitin Wapa Joint Commissioner	:	Member(Central Tax)
Sudhir Sharma Joint Commissioner	:	Member(State Tax)
Name and address of the applicant	:	M/s. KEI INDUSTRIES LIMITED PHASE III, SP - 919-920-922, RIICO INDUSTRIAL AREA, BHIWADI, ALWAR, RAJASTHAN, 301019
GSTIN of the applicant	:	08AAACK0251C1Z7
Clause(s) of Section 97(2) of CGST / SGST Act, 2017, under which the question(s) raised	:	(b) Applicability of a notification issued under the provisions of the Act
Date of Personal Hearing	:	28.07.2018
Present for the applicant	:	Ms. Jyoti Pal, Advocate, Principal Associate. (Authorized Representative)
Date of Ruling	:	01.08.2018

Note: Under Section 100 of the RGST Act 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling constituted under section 99 of RGST Act 2017, within a period of 30 days from the date of service of this order.

The Issue raised by the applicant is fit to pronounce advance ruling as it falls under ambit of the Section 97(2) (b) which is as given under :

(b) Applicability of a notification issued under the provisions of the Act

Further, the applicant being a registered person, GSTIN is 08AAACK0251C1Z7, as per the declaration given by him in Form ARA-01, the issue raised by the applicant is neither pending for proceedings nor proceedings were passed by any authority. Based on the above observations, the application is 'admitted' to pronounce advance ruling .

1. Submission Of The Applicant :

1. KEI Industries Ltd. (hereinafter referred to as the "**Applicant**") is a public limited company incorporated in India and is engaged in the business of manufacturing and supply of various kinds of Power Cables.
2. The present application pertains to the supply of Copper XLPE insulated armoured low tension cables(hereinafter referred to as "**electric/power cables**") by the Applicant to M/s. Vedanta Ltd.
3. M/s.Vedanta is undertaking petroleum operations under PRE-New Exploration Licensing Policy(PRE-NELP) granted by the Government of India/State Government to Cairn Energy India Pvt. Ltd. in the State of Rajasthan which was vested in Vedanta after the merger of Cairn India Pvt. Ltd. in Vedanta. For carrying out such petroleum operations, it uses various kinds of machines and equipment. Almost all machines and equipment used by Vedanta for petroleum operations run on electricity and thus, electric cables are required for providing electricity to such machines and equipment.
4. M/s. Vedanta issues tender notice for supply of power cables required for its petroleum operations and further selects a supplier who is required to supply power cables in accordance with the specifications of the cables viz. the cable type, length, thickness, material, color, etc. provided by M/s.Vedanta in the order sheet issued for this purpose.
5. The Applicant had been selected by M/s. Vedanta for supplying cables to it by raising Purchase Order No. 4500030187 and 4500030182 both dated 14.11.2017 and amended rev-01 dated 12.01.2018. Directorate General of Hydro carbons certifies that these goods i.e. power cables of various specifications, which are required for the petroleum operations.
6. It is to be noted that in the instant case, the Applicant is not aware of the type, nature and functions, etc. of the machines or equipments for which the cables are required and therefore, the Applicant is supplying power cables to the

Applicant on the basis of the job sheet provided by M/s. Vedanta. Once the Applicant receives the order sheet, it manufactures the power cables as per the specifications provided therein. The Applicant manufactures the power cables of exact length/specifications as ordered by M/s. Vedanta and the same are supplied exclusively to M/s. Vedanta and not to any other recipient.

7. It is pertinent to note that even though the cables are manufactured as per the specifications provided by M/s. Vedanta and supplied exclusively to M/s. Vedanta, the cables are not exclusively or specifically meant to be used with such machines in as much as these power cables are general power cables and are capable of being used with any machine/equipment.
8. The Applicant submits that issue on which advance ruling is sought in the instant matter relates to applicability of Notification No. 03/2017-Central Tax (Rate) dated 28.06.2017 (hereinafter referred to as "**Notification No. 03/2017-CT**") to the supplies made by the Applicant.



2. Issues Requiring Advance Ruling :

9. The Applicant submits the following questions for Advance Ruling and its interpretation on the question as under:
 - a. Whether the power cables supplied by the Applicant would be covered under the scope of Sl. No. 1 of Notification No. 03/2017-CT?

3. Applicants Understanding:

10. According to the Applicant, the power cables supplied by the Applicant to M/s. Vedanta for supplying electricity to the machines or equipments used in its petroleum operations would qualify as '**material**', '**accessories**', '**consumables**', and/or '**stores**' under Sl. No. 1 of Notification No. 03/2017-CT for running machines listed in the list annexed to that notification for the reasons are furnished herein below:

Applicable provisions:

Notification No. 03/2017-CT

11. Notification No. 03/2017 provides for the intra-State supplies of goods, the description of which is specified in column (3) of the Table with relevant List appended hereto and falling under the tariff item, sub-heading, heading or Chapter, as the case may be, as specified in the corresponding entry in column (2) of the said Table, from so much of the central tax leviable

thereon under section 9 of CGST Act as is in excess of the amount calculated at the rate specified in the corresponding entry in column (4) of the said Table and subject to the relevant conditions annexed to the notification. A corresponding benefit is given under Rajasthan Goods and Services Tax Act *vide* File No. F.12 (56)FD/Tax/2017-Pt-I-42 dated 29.06.2017. Similar benefit on inter-state supplies is given under IGST Act *vide* Notification No. 03/2017-Integrated Tax (Rate) dated 28.06.2017.

12. Further, Sl. No. 1 of Notification No. 03/2017-CT provides that the said benefit would be available for the goods provided in List 1 of Notification No. 03/2017-CT. The List of goods appended to Notification No. 03/2017-CT specifies various goods including,

"24. sub-assemblies, tools, accessories, stores, spares, materials, supplies, consumables for running, repairing or maintenance of the goods specified in this List".

13. The Applicant stated that the concessional rate benefit would be available to the goods specified in the list to Notification No. 03/2017-CT provided the goods are used for the activities mentioned in the entry i.e. petroleum operations which are undertaken under the contracts/licenses specified in Sl. No. 1. The list of contracts/license provided in Sl. No. are as under:

- a. License or mining leases granted by Government of India or any State Government to the ONGC on nomination basis; or
- b. Specified contracts; or
- c. Specified contracts under New Exploration Licensing Policy; or
- d. Specified contracts under Marginal Field Policy; or
- e. Specified contracts under the Coal Bed Methane Policy.

14. According to him, as per Sl. No. 1, this exemption will be available to petroleum operations undertaken under the specified contracts. However, the term 'specified contracts' is not defined under Notification No. 03/2017-CT. On a careful perusal of Sl. No. 1, it can be inferred that specified contracts are those contracts which are entered under the policies specified in the list. However, unlike other clauses of Sl. No. 1, clause (b) does not provide the policy under which the specified contracts are entered.

15. Applicant further stated that Condition No. 1 to Sl. No. 1 which provides that the goods should be supplied to the organization/companies who have entered into contract with the Government of India. On a conjoint reading of clause (b) along with condition no. 1(ii), it can be inferred that specified

contracts referred in clause (b) are those contracts which are entered into with the Government of India in relation to petroleum operations.

16. Applicant stated that prior to introduction of New Exploration Licensing Policy, licenses for petroleum explorations were granted by the Central or State Government. The licenses granted by the Central or State Government before the NELP are also known as Pre-NELP contracts.
17. Applicant further stated that the term "specified contracts" under clause (b) of Sl. No. 1 would mean and include all those contracts which are entered into with the Government of India under the policies/rules other than specifically covered under other clauses of Sl. No. 1 and would include Pre-NELP contracts.
18. Further according to him, this benefit would also be subject to the following conditions:
 - a. the goods are supplied to an Indian company or a foreign company or a consortium or a contractor thereof, in connection with the operations undertaken under a contract with the Government of India; and
 - b. a certificate from the Directorate General of Hydro carbons certifying that the goods are required for the petroleum operations referred in the Sl. No. 1.
19. Applicant submitted that the term 'Indian Company' has not been defined in Notification No. 03/2017-CT. Moreover, it is also not defined in the CGST or IGST Act. In common parlance, an 'Indian Company' would mean any company who is established and registered in India in accordance with the relevant laws prevailing at that time.
20. To substantiate the same, reference is made to the definition provided in the Income Tax Act, 1961, which defines Indian Company under section 2(26) as under:

"(26) "Indian company" means a company formed and registered under the Companies Act, 1956 and includes....."
21. Dealer stated that in view of the above; it can be concluded that to claim benefit of concessional rate of tax under Notification No. 03/2017-CT, the following conditions are required to be satisfied cumulatively in the instant case:
 - i. The goods must be covered under the list to the Notification No.03/2017-CT;

- ii. The goods must be supplied in connection with petroleum operations undertaken under specified contracts;
- iii. The goods are supplied to an Indian company or a foreign company or a consortium or a contractor thereof in connection with the operations undertaken under a contract with the Government of India; and
- iv. A certificate from the Directorate General of Hydro carbons certifying that the goods are required for the petroleum operations referred in the Sl. No. 1 is produced

4. Applicability of the above analysis to the present case:

The conditions of availing benefit under the notification are satisfied in the instant case



- 22. Condition No. 1: As far as condition no. 1 is concerned, it is to be analyzed if the power cables supplied by the Applicant to Vedanta would be covered by entry no. 24 of the list appended to Notification No. 03/2017-CT which covers "*sub-assemblies, tools, accessories, stores, spares, materials, supplies, consumables for running, repairing or maintenance of the goods specified in this List*". A detailed analysis of the same is given in the following paragraphs.
- 23. Condition No. 2: The power cables supplied by the Applicant to Vedanta are used for supplying electricity to the machines which are used for undertaking petroleum operations under the specified contract i.e. the contract entered into with the Government of India. Thus, it can be concluded that the supply of power cables is in connection with the petroleum operations under the specified contract.
- 24. Condition No. 3: In the instant case, the Applicant is supplying electric cables to Vedanta which is a public limited company registered under the Companies Act, 1956. Thus, the Applicant is supplying goods to an Indian Company. Such cables are supplied to Vedanta in relation to their petroleum operation being undertaken in the State of Rajasthan. It is to be noted that the license for petroleum exploration in field RJ-ON-90/1 was given to Cairn Energy India Pvt. Ltd. under the Pre-NELP. Subsequently, Cairn Energy India Ltd. was merged into Vedanta Ltd. Thus, with this merger, the petroleum exploration license granted to Cairn Energy India Ltd. was transferred to Vedanta.
- 25. Condition No. 4: It is also explained in the facts above that at the time of placing order with the Applicant, Vedanta produces a certificate issued

by the Directorate General of Hydrocarbons certifying that the goods specified in the certificate are required for the petroleum operations undertaken by Vedanta. Thus, the Applicant supplies the goods to Vedanta only when it produces the requisite certificate

26. Applicant insisted that in view of the above, it can be safely concluded that in the instant case, condition no. 2, 3 and 4 as discussed above, are satisfied by the Applicant.
27. As far as condition no. 1, he stated that a detailed analysis of the same is given in the following paragraphs.

The power cables supplied by the Applicant qualify as accessories which are required for running the goods (machines) specified in the list

28. According to him, benefit of concessional rate of duty is extended to the accessories used for running machines covered under the List appended to Notification No. 03/2017-CT. However, the term 'accessories' is also not defined in Notification No. 03/2017-CT, so applicant has relied on the dictionary meaning of the term 'accessories', which have been extracted here under:
 - (i) *The New Merriam-Webster's Dictionary*
"a person or thing that aids subordinately, an adjunct, appurtenance, accompaniment"
 - (ii) *The Oxford Advanced Learners Dictionary*
"an extra piece of equipment that is useful but not essential"
 - (iii) *The Collins Co build English Dictionary for Advanced Learners*
"accessories are items or equipment that are not usually essential, but which can be used with or added to something else in order to make it more efficient, useful or decorative"
 - (iv) *The Chamber's English Dictionary*
"subsidiary, present along with something more important"



29. Moreover, while determining the meaning of the term 'accessories', the Applicant has relied on various judgments:
 - a) Hon'ble Apex Court in the matter of *Annapurna Carbon Industries Co. vs. State of Andhra Pradesh* [AIR 1976 SC 1418].
 - b) *CCE, Salem vs. Madras Aluminum Co. Ltd.*, [2017 (349) ELT 133]
 - c) *CC, Bangalore vs. NI Micro Technologies Pvt. Ltd.* [2014 (311) ELT 458].
 - d) *State of Punjab vs. Nokia India Pvt. Ltd.* [2015 (315) ELT 162].
 - e) *Allied Healthcare, India vs. CC, Chennai* [2010 (259) ELT 711].
 - f) *CCE, Chandigarh vs. Arihant Spring Mills* [2002 (147) ELT 1181].
 - g) *Ashoka Synthetics Ltd. vs. CCE, Bhubaneswar* [1997 (96) ELT 170].
 - h) *Grasim Cement vs. CCE, Raipur* [1997 (96) ELT 354].

i) *Annapurna Carbon Industries Co. (supra)*.

30. According to him in the instant case, the power cables supplied by the Applicant are not specific or exclusive to the machines used by Vedanta. In fact, the said power cables so supplied to M/s Vedanta are capable of being used with more than one kind of machines. It is submitted that even though a particular product is capable of being used with more than one kind of machines, the same would still qualify as 'accessories'. This is supported by the decision of Hon'ble Apex Court in the matter of *Annapurna Carbon Industries Co. (supra)*. The relevant extract of the said decision is reproduced as under:

"7.... Apparently, the deciding factor is the predominant or ordinary purpose or use. It is not enough to show that the article can be put to other uses also. It is its general or predominant use which seems to determine the category in which an article will fall.

10.... "Accessories" are not necessarily confined to particular machines for which they may serve as aids. The same item may be an accessory of more than one kind of instrument."

.....Emphasis Supplied

31. He further stated that in view of the above discussions and the judicial decisions relied upon, it is submitted that the power cables supplied by the Applicant to Vedanta in the instant case qualify as accessories for running the machines given in the list annexed to Notification No. 03/2017-CT.

The power cables supplied by the Applicant also qualify as material for running the goods (machines) specified in the list

32. Further according to him entry no. 24 of the list appended to Notification No. 03/2017-CT also covers the materials required for running, repairing or maintaining the machines provided in that list. The term 'material' used in the list is not defined in Notification No. 03/2017-CT. Thus, it becomes imperative to refer to the dictionary meaning of this term. Some of them are extracted below for reference:

(i) *The New Merriam-Webster's Dictionary*
"highly important, significant"
(ii) *The Oxford American Desk Dictionary, New edition, 2000*

"important, essential, relevant"

(iii) *The Chambers Dictionary, New edition*
 "that out of which anything is or may be made, that which may be made use of for any purpose"

(iv) *The New Lexicon Webster's Dictionary, Vol. I*
 "necessary tools, equipment, etc."

(v) *Collin's English Dictionary for Advanced Learners, new edition*
 "materials are the things that you need for a particular activity"

(vi) *Oxford Advanced Learner's Dictionary*
 (pl.) "things that are needed in order to do a particular activity"



33. Applicant stated that on careful perusal of the above extracted dictionary meanings of the term 'material', it is apparent that the term 'material' means and includes all those things, equipment or implements which are necessary or important for carrying out any particular activity.

34. In view of the above discussions applicant states that the power cables supplied are required for a particular purpose i.e. providing electricity to the machines and thus, are essential for the functioning of machines. Therefore, the power cables so supplied by the Applicant would qualify as material required for running the machines given in the list appended to Notification No. 03/2017-CT.

The power cables supplied by the Applicant also qualify as consumables or stores which are required for running the goods (machines) specified in the list

35. He further stated that besides spares, materials, accessories, entry no. 24 of the list to Notification No. 03/2017-CT also covers stores or consumables. In order to decide if the power cables supplied by the Applicant would qualify as stores or consumables, attention is invited to the decision of Hon'ble Ahmedabad Tribunal in *Sanghvi Aerospace (P) Ltd. vs. CCE, Ahmedabad* [2009 (247) ELT 578]. In the said case, the issue involved was whether or not, the wires and cables supplied for aircrafts, satellite launch vehicles, etc. would be entitled to the benefit under Notification 10/97-C.E.

36. According to applicant, it can be safely concluded that power cables supplied by the Applicant to M/s Vedanta are the goods covered by the list (entry no. 24) appended to Notification No. 03/2017-CT. Moreover, the power cables are supplied to M/s Vedanta, an Indian company, against the

certificate issued by the Directorate General of Hydrocarbons. As all the conditions prescribed in Notification No. 03/2017-CT for Sl. No. 1 are satisfied, the Applicant is eligible for the benefit of concessional rate of duty under Notification No. 03/2017-CT.

37. Applicant contents that intention on the part of the Applicant and M/s Vedanta to supply/procure such power cables for the purpose of running machines to be used in petroleum operations.
38. Based on above the applicant states that it can be inferred that the power cables supplied by the Applicant to Vedanta which are meant to be used for running the machines would be covered under either of the several heads given under entry no. 24 of list to Notification No. 03/2017-CT. Therefore, supplies of power cables by the Applicant to Vedanta would be eligible for the benefit of concessional rate of duty as provided under Notification No. 03/2017-CT.



5. ISSUES REQUIRING ADVANCE RULING AND APPLICANT'S UNDERSTANDING:

In the light of aforementioned, the Applicant seeks to enter the following question for Advance Ruling and its interpretation of the question will be as under:

Question:

Whether the power cables supplied by the Applicant are covered under the scope of Sl. No. 1 of Notification No. 03/2017-CT ?

6. Applicant's Understanding:

The Applicant is supplying power cables to Vedanta which is covered under entry 24 of the list annexed to Notification No. 03/2017-CT as material or accessories or stores or consumables required for running the machines. Further, the other conditions of Sl. No. 1 of Notification No. 03/2017-CT are also satisfied. Thus, the supply of power cables by the Applicant would fall within the scope of Sl. No. 1 of Notification No. 03/2017-CT and thus, leviable to concessional rate of CGST and SGST or IGST, as may be applicable.

7. Personal Hearing (PH):

In the matter personal hearing was given to the applicant. Ms Jyoti Pal (Advocate) appeared for personal hearing on 28.07.2018. During the PH she submitted a written additional statement containing the definition of term "accessories and material" and certain judicial precedents in support of their application which was placed on record. She reiterated the submission already made in the application for Advance Ruling and further requested that the case may be decided as per the submission made earlier in Advance Ruling Application.



8. Opinion of Jurisdictional Officer:

The jurisdictional Officer in his comments has stated that sub-assemblies, tools, accessories, stores, spares, materials, supplies, consumables for running, repairing or maintenance of the goods relates to the one **specified in this list**. Which means goods used for running, repairing or maintenance of the goods specified in this list are only eligible for concessional rate. While applicant has not mentioned that in which machine/ machines specified in this list, power cable will be used as sub-assemblies, tools, accessories, stores, spares, materials, supplies, consumables for running, repairing or maintenance of the goods . Further the applicant has stated that he is not aware of the type, nature and functions etc of the machines or equipments for which the cables are required for.

So in his opinion the condition "The goods must be covered under the list annexed to the notification no. 03/2017-CT" which is not fulfilled and hence power cable do not qualify description of goods mentioned in the notification that is to say "Goods specified in the list annexed to this table"

9. Findings and analysis:

- Applicant is a public limited company and is engaged in the business of manufacturing and supply of various kinds of " Electrical Power Cables".
- The applicant has to supply electrical cables in accordance with the specifications of the M/s Vedanta Ltd. which is undertaking petroleum

operations in Rajasthan and electrical cables are needed for providing electricity to machines and equipments.

- c) Directorate General of Hydrocarbons certifies that goods i.e. power cables of various specifications are required for the petroleum operations.
- d) Applicant contends that power cable supplied to M/s. Vedanta for supplying electricity to the machines or equipments used in its petroleum operations would qualify as '**material**', '**accessories**', '**consumables**', **and/or 'stores'** of Sl. No. 1 of Notification No. 03/2017-CT for running machines listed in the list annexed to that notification. (Entry no.1 to 23) and thus can be supplied at concessional rate as mentioned in the notification.
- e) Notification No. 03/2017 provides for the intra-State supplies of goods, the description of which is specified in column (3) of the Table with relevant List appended hereto and falling under the tariff item, sub-heading, heading or Chapter, as the case may be, as specified in the corresponding entry in column (2) of the said Table, from so much of the central tax leviable thereon under section 9 of CGST Act as is in excess of the amount calculated at the rate specified in the corresponding entry in column (4) of the said Table and subject to the relevant conditions annexed to the notification.
- f) Further, Sl. No. 1 of Notification No. 03/2017-CT provides that the said benefit would be available for the goods provided in List 1 of Notification No. 03/2017-CT. The List of goods appended to Notification No. 03/2017-CT specifies various goods including,
"24. sub-assemblies, tools, accessories, stores, spares, materials, supplies, consumables for running, repairing or maintenance of the goods specified in this List".
- g) As per Sl. No. 1, this exemption will be available to petroleum operations undertaken under the specified contracts under New Exploration Licensing Policy in which goods are being supplied to the organization/companies who have entered into contract with the Government of India in relation to petroleum operations.
- h) Further, this benefit would also be subject to the conditions of certification from the Directorate General of Hydrocarbons certifying that the goods are required for the petroleum operations referred in the Sl. No. 1.

i) Thus it can be concluded that to claim benefit of concessional rate of tax under Notification No. 03/2017-CT, the following conditions are required to be satisfied cumulatively in the instant case:

- The goods must be covered under the list to the Notification No.03/2017-CT;
- The goods must be supplied in connection with petroleum operations undertaken under specified contracts;
- The goods are supplied to an Indian company or a foreign company or a consortium or a contractor thereof in connection with the operations undertaken under a contract with the Government of India; and
- A certificate from the Directorate General of Hydro carbons certifying that the goods are required for the petroleum operations referred in the Sl. No. 1 is produced

j) Applicant has claimed concessional rate on supply of electric cables falling under entry no. 24 of the List of goods appended to Notification No. 03/2017-CT specifies various goods including *sub-assemblies, tools, accessories, stores, spares, materials, supplies, consumables for running, repairing or maintenance of the goods specified in this List*".

k) This clearly means that *sub-assemblies, tools, accessories, stores, spares, materials, supplies, consumables for running, repairing or maintenance are only restricted and related to those goods* as specified in entry no. 1 to 23 of the List of goods appended to Notification No. 03/2017-CT.

l) On careful perusal of notification it is evident that Electric cables are not included in any of the entries of goods specified from entry no. 1 to 23 of the List of goods appended to Notification No. 03/2017-CT.

m) In Advance Ruling Application the applicant has cited certain judgements and citation from various courts for categorizing " Electrical cables" as *accessories, stores, materials and/or consumables* as mentioned in entry no. 24 of the notification, which were carefully examined. To qualify for concessional rate of tax, these Judgements and citations have to be analysed and applied strictly in light of condition laid down in Notification No. 03/2017-CT.

Notification provides concessional rate only for the goods falling under entry no.1 to 24 subject to certain other specific conditions. Electric Cables, being *accessories, stores, materials, consumables* does not automatically

qualifies them for enjoying concessional rates as mentioned in Notification no.03/2017-CT .

Entry no.24 of the list specifies

"24. sub-assemblies, tools, accessories, stores, spares, materials, supplies, consumables for running, repairing or maintenance of the goods specified in this List"

"Goods specified in this List" means only those goods which are covered under Entry no. 1 to 23 of the list and concessional rate will only be available for *sub-assemblies, tools, accessories, stores, spares, materials, supplies, consumables for running, repairing or maintenance* of those goods which strictly fall under entry no. 1 to 23 of the list.

n) Entry no. 24 of List of goods appended to Notification No. 03/2017-CT, restricts accessories, *stores, materials or consumables* ONLY in relation to the goods specified in the list of goods from entry no. 1 to 23. What applicant has failed to specify is that "Electrical cables" supplied by him will be *accessories, stores, materials and/or consumables* to which specific goods as mentioned in entry no. 1 to 23 of the list of goods .

Hence the case laws submitted by applicant in support of Electrical Cables for being *accessories, stores, materials or consumables* when analysed in light of conditions laid down in notification, does not hold good.

o) Moreover on examination of purchase orders it is found that they too do not specify that electrical cables supplied will be *accessories, stores, materials and/or consumables* to which specific goods as mentioned in entry no. 1 to 23 of the list.

p) More so the applicant in Advance Ruling Application has himself stated that *"even though the cables are manufactured as per the specifications provided by Vedanta and supplied exclusively to Vedanta, the cables are not exclusively or specifically meant to be used with such machines in as much as these power cables are general power cables and are capable of being used with any machine/equipment."* (pg. 7 of ARA)

Further the applicant has declared *"In the instant case, the power cables supplied by the Applicant are not specific or exclusive to the machines used by Vedanta. In fact, the said power cables so supplied to M/s Vedanta are capable of being used with more than one kind of machines.* "(pg. 20 of ARA)

Here again the applicant has mentioned that Electrical Cables so supplied by them

- 1) are not specific and exclusive to machine used by M/s Vedanta ,
- 2) supplied cables are capable of being used with more than one kind of machine by M/s Vedanta .

Thus it can be inferred that:

- 1) dealer is not aware off and has not clarified that "Electrical cables" supplied will be used as *accessories, stores, materials and/or consumables* to which goods falling under entry no.1 to 23 of the list.
- 2) "Electrical cables" supplied can very well be used as by M/s. Vedanta as *accessories, stores, materials or consumables* for even those goods which are not covered under entry no.1 to 23 of the list.
- 3) It is to be noted that in the instant case, the Applicant is not aware off the type, nature and functions, etc. of the machines or equipment for which the cables are required. The Applicant is supplying power cables to on the basis of the job sheet provided by M/s. Vedanta.

q) It is to be noted that if we refer to certificate of Directorate General Of Hydrocarbons dt. 18.01.2018 (purchase order no. 4500030187 & 450030182) it clearly states that "*This Certificate would stand withdrawn in case the said good are used for purposes other than its intended use.*"

- r) Thus the notification restricts the entry no. 24 of List of goods *vis-a-vis* only to the goods falling under entry no 1 to 23 of the list for claiming concessional rate. Use of Electrical Cables supplied for all other purposes or for all other equipments will not only withdraw the certification by Directorate General of Hydrocarbons but also disqualify the concessions.
- s) It is agreed that cables supplied to M/s Vedanta by applicant will be used to supply and transmit electricity for petroleum operations at work site (Block RJ-ON-90/1). But will these electrical cables supplied be used as *accessories, stores, materials and/or consumables* for goods ONLY covered under entry no.1 to 23 is not clear from the documents and evidences submitted by the dealer. Even the applicant seems not sure of its uses. Concessional rate is conditional to terms and conditions of Notifications.
- t) Task of petroleum operation is very vast and complex and the process involves multiple machine and equipment along with their accessories, stores, materials, consumables but concessional rate as per notification is



only awarded to supply of goods mentioned in the entry no 1 to 23 of the list and their CORRESPONDING accessories, stores, materials, consumables (entry no 24).

It is a clear possibility that there are other machine and equipment and their accessories, stores, materials and consumables which though being used in process of petroleum operation but are not enjoining concessional rate as they are not covered under entry no. 1 to 23 of the notification yet being supplied electricity by these electrical cables to make them functional .

v) In common parlance “ Electrical Cables” are generally used for setting up of a system in which by electric cabling or wiring, electricity is downloaded from the main source (i.e. from grid or transformers) and further transmitted , distributed or supplied to various points in working area. Machines, equipments and accessories draw supplies of electricity from these points to be functional. Hence Electrical Cables are generally used to set up a network of wires and cables which are usually permanent in nature through which electricity can flow, distributed and supplied to various points. To regard Electrical Cables as “*accessories, stores, materials or consumables for running of the goods specified in the List*” as mentioned in entry no. 24 of the notification is not rational by any stretch of imagination.

If we regard Electrical Cables as *accessories, stores, materials and/or consumables for running of the goods specified in the List*, then going through this logic poles, insulators, transformers and all other equipments used to ensure flow of electricity at work site from the main source to the supply point are to be covered under this classification.

v) Main function of Electric Cables is to supply and distribute electricity to various points at a worksite so electricity can be made available for all electrical, electronic, machines and mechanical equipments using electrical energy to function but these Electric Cables so supplied will whether be used to supply electricity ONLY to those goods which are covered under 1 to 23 of the list is not clear from documents submitted nor has any undertaking of this regard has been given by applicant .

w) Thus to consider Electrical Wires to strictly fall under entry no. 24 vis-à-vis goods falling under entry no.1 to 23 will not be correct. Apart from fulfilling other condition as mentioned in Notification No. 03/2017-CT to claim concessional rate, Electrical Cables supplied **has to be accessories**.

stores, materials, consumables (entry no.24) strictly in context with list of goods mentioned in entry no. 1 to 23 of the list.

x) The applicant has failed to identify/clarify as to under which category i.e. *accessories, stores, materials or consumables* as mentioned in S.No. 1 to 23 of the list, would electrical cables fall. Further he has not given any assurance regarding restricting the use of electrical cables as *accessories, stores, materials, consumables* to goods falling under entry no.1 to 23 of the list, which is an essential pre requisite to claim concession.

Based on above facts along with provision of law the ruling is as follows:

RULING

Hence under the facts and circumstances of the case discussed above “Electrical Cables” do not fall under Entry no. 24 of list as ‘material’, ‘accessories’, ‘consumables’, and/or ‘stores’ of Sl. No. 1 of Notification No. 03/2017-Central Tax (Rate) dated 28.06.2017.

Nitin Wapa -
NITIN WAPA
Member
(Central Tax)



Br. 1/8/2018
SUDHIR SHARMA
Member
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