
 सत्यमेव जयते	RAJASTHAN AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX NCR BUILDING, STATUE CIRCLE, C-SCHEME JAIPUR – 302005 (RAJASTHAN)	
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ADVANCE RULING NO.RAJ/AAR/2018-19/15

Nitin Wapa Joint Commissioner	:	Member(Central Tax)
Sudhir Sharma Joint Commissioner	:	Member(State Tax)
Name and address of the applicant	:	M/s Raghav Productivity Enhancers Limited, Office No.36, 4 th Floor, Alankar Plaza, Vidhyadhar Nagar, Jaipur. 302023
GSTIN of the applicant	:	08AAECR5585Q1ZG
Clause(s) of Section 97(2) of CGST / SGST Act, 2017, under which the question(s) raised	:	(A) Classification of goods or services or both
Date of Personal Hearing	:	17.08.2018
Present for the applicant	:	Mr. Keshv Maloo (Authorised Representative)
Date of Ruling	:	01.09.2018



Note: Under Section 100 of the CGST & RGST Act 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling constituted under section 99 of CGST & 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) (a), it is given as under:

(a) Classification of goods /or services or both.

Further, the applicant being a registered person, GSTIN is 08AAECR5585Q1ZG, 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. M/s Raghav Productivity Enhancers Ltd. is a registered manufacturer cum supplier under GST, engaged in the manufacture of Ramming Mass. Ramming Mass is used in the lining of induction furnaces.

The two basic ingredients used in the manufacture of Ramming Mass are the Quartz granules and Boric Acid. Further, the Quartz forms a major part of the composition of final product i.e. Ramming Mass whereas Boric Acid is mixed in a very minor ratio though it forms a major part of the cost of the final product.

3. The process of manufacture of Ramming Mass is as follows:
 - a. The process starts with extraction of Quartz lumps/stones through mining.
 - b. The Quartz stones/lumps so obtained are stored at plant site or fed directly into Feeder Hopper.
 - c. From Feeder Hopper the stones are crushed into small granules through two-three levels of crushing. The primary crushing is done in Jaw Crusher in which stone size is reduced to 100mm -125mm which is followed by secondary crushing which is carried out in Granulator where stones obtained from Jaw Crusher is reduced further to 30mm-35mm.
 - d. The granules obtained from above process of crushing is stored in Slip-Buffer Storage from where they are fed into Vertical Shaft Impactor where final crushing takes place to reduce the stone size to 1mm to 7mm.
 - e. The stones are then separated into different Silo according to their size through a Magnetic Separator. This is done through 3 sets of Vibrators.



- f. Now comes the final stage of manufacturing where the most important ingredient i.e. Boric acid is mixed in the ratio of approx 0.8% to 2% into the stones/granules of quartz through Electronically Controlled Mixing which acts as a binding material to bind the granules/stones.
 - g. After mixing of Boric Acid the final product i.e. Ramming Mass gets ready which is then manually inspected to check the particle size ratio followed by Quality Check in Testing Lab from where it is packed, stored and dispatched. This is used as refractory material for lining of induction furnace.
4. At present, the applicant is paying GST @ 18% on Ramming Mass manufactured and supplied by them and classifying them under HSN 3816.

2. Question(s) on which Advance Ruling is required

1. Classification and applicable rate of GST on Ramming Mass used in lining of induction furnace.
2. Classification and applicable rate of GST on crushed quartz stones used in lining of furnace through claimed as not containing Boric Acid.

3. Statement of Applicant's Interpretation of Law/Facts

1. Applicant has stated that simply crushed quartz stones without the mixing of binding material i.e. Boric Acid is classifiable under HSN 2506 in Schedule I chargeable to 5% GST. This normally is used in manufacturing of glass. However, such crushed quartz stones without mixing of Boric acid cannot be used for lining of furnace, hence is not a refractory material, hence, cannot be called as Ramming Mass.
2. Applicant has sought classification of material if it is a crushed quartz stone and used by recipient as refractory material in lining of induction furnace where as technical fact is that without mixing boric acid, crushed quartz stone cannot be used as refractory material. It may be a case of wrong declaration. However, this is a usual business practice in industry & classification is done in HSN 2506 with 5% GST (CGST+SGST).
3. In case of applicant the quartz stone is mixed with the Boric acid which becomes a refractory material and is classified under HSN 3816 in Schedule III chargeable to 18% GST.



4. Further applicant has stated that other big manufactures in the industry engaged in the manufacture of Ramming Mass such as TRL Krosaki Refractories Ltd (Formerly TATA Refractory's Ltd) are also paying GST @ 18% on Ramming Mass supplied by them.
5. In view of the above facts the applicant's has correctly classified the Ramming Mass and is paying 18% GST on same

4. Personal Hearing (PH)

4.1 In the matter personal hearing was given to the applicant, Mr.Keshav Maloo, Authorised Representative, of applicant appeared for personal hearing on 17.08.2018. During the PH he reiterated the submissions already made in Advance Ruling Application and requested that the case may be decided at the earliest. He was asked to produce a sample copy of invoices of Boric Acid, Ramming Mass and Quartz which he did on a later date.

4.2 The jurisdictional officer in his comments has stated that as per business parlance Ramming Mass consists of crushed quartz powder in unison with boric acid added in a specified ratio which falls under chapter heading no. 3816 and attracts 18% of GST. Further he has stated that crushed Quartz stone is to be classified under chapter heading no. 2506 and to be taxed at 5% under GST. He stated that crushed quartz stone on standalone basis cannot be used as a lining of furnace and qualify the Tariff head no. 2506 and GST rate of 5%.

5. Findings , Analysis and Conclusion:

- a) Dealer is a manufacturer of Ramming Mass. Ramming Mass is used as a refractory material for lining of induction furnaces to withstand very high temperatures.
- b) Dealer manufactures Ramming Mass by mixing Quartz granules of various sizes with minor ratio of boric acid which in turn acts as binding material to bind quartz powder.
- c) Major component of Ramming Mass is Quartz granules in unison with boric acid which is mixed in a ratio of 0.8% to 2%.
- d) Ramming Mass so manufactured are classified as Refractory Material which falls under HSN code 3816 and attracts 18% rate of tax under GST (9% CGST + 9% SGST).
- e) Quartz powder obtained by crushing Quartz stones fall under HSN code 2806 and attracts 5% rate of tax under GST (2.5% CGST + 2.5% SGST).

- f) CBEC Released Minutes of Excise Tariff Conference held on 28 and 29 October 2015

B.5 – Ranchi Zone – Classification – Classification of Silica Ramming Mass under Chapter Heading 3816 of CETA, 1985.

Issue:

A large number of units situated in the jurisdiction of the zone are engaged in the process of crushing, screening, grinding and mixing of quartz / quartzite mineral stones (in boulder form) to convert them into quartz/ quartzite grains and powder, which is known in trade parlance as Silica Ramming Mass or Ramming Mass. The quartz/ quartzite mineral contain more than 95% of silica (up to 99.9%), hence the name. The quartz and quartzite minerals are not mixed with each other, since quartz mineral has higher silica content as compared to quartzite mineral. The assessee classify the aforesaid goods under chapter heading 2506 of CETA, whereas the zone is of the preliminary view that goods are more appropriately classifiable under Chapter heading 3816 of CETA in view of Chapter Note 1 of Chapter 25.

Discussion & Decision

The issue was deliberated in the Conference where, two heads of classification viz., CETH 2506 and 3816 were discussed in case of the product Ramming Mass of the kind obtained by crushing/grinding and mixing of quartz and quartzite minerals of different sizes and where no external binders are added to such mixture.

It was noted that explanatory notes to the HSN of Heading 3816 covers *certain preparations (e.g. for furnace linings)...*, with an added refractory binder.... *Many of the products of this heading also contain non-refractory binders such as hydraulic binding agents*, therefore, to qualify for classification under heading 3816, refractory binder is required to be added to such powdered/grained quartz/quartzite mixture. Since no refractory binder is added to the impugned product, the same is not covered under heading 3816. This view is reinforced by the Tribunal in the case of M/s Mayur Chemicals




Industries [2001 (136) ELT 1389] upheld by the Hon'ble Supreme Court.


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

RULING

- a) Ramming Mass which is a Refractory Material, is classifiable under HSN code 3816 and would attract 18% rate of tax under GST (9% CGST + 9% SGST).
- b) Quartz powder obtained by crushing Quartz stones falls under HSN code 2806 and would attract 5% rate of tax under GST (2.5% CGST + 2.5% SGST) .


NITIN WAPA
Member
(Central Tax)




SUDHIR SHARMA
Member
(State Tax)

SPEED POST

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F.No. IV(4)15/AAR/RAJ/2018-19/70-74

Dated. 11/09/2018

Copy to:-

1. The Chief Commissioner of CGST & Central Excise (Jaipur Zone) & Member, Appellate Authority for Advance Ruling, NCR Building, Statue Circle , Jaipur-302005.
2. The Commissioner of SGST & Commercial Taxes Rajasthan & Member, Appellate Authority for Advance Ruling, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, C-Scheme, Jaipur-302005.
3. Asstt. Commissioner, Circle M, Zone I, Commercial Taxes Dept, Divisional Kar-Bhawan, Jhalana Institutional Area, Jaipur.
4. Dy/Asstt. Commissioner, CGST Division -B (Range - VIII), CGST Commissionerate Jaipur.


Superintendent