

CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
NEW DELHI

PRINCIPAL BENCH – COURT NO. I

CENTRAL SALES TAX APPEAL NO. 12 OF 2015

(Arising order out of date 15.12.2014 passed by the Maharashtra Sales Tax Tribunal at Mumbai in VAT Appeal No. 59 of 2011)

M/s. Kimberly Clark Lever Pvt. Ltd.

.....Appellant

a Company incorporated under the Companies Act, 1956, having the Office at, Village Sanaswadi, Tal-Shirpur, Dist. - Pune - 412 208

VERSUS

- 1. The State of Maharashtra**
Through
The Commissioner of Sales Tax,
Having office at 8th Floor,
Vikrakar Bhavan, Nesbit Road,
Mazgaon, Mumbai - 400010
- 2. The Maharashtra Sales Tax Tribunal,**
Having its office at 7th Floor,
Vikrakar Bhavan, Nesbit Road,
Mazgaon,
Mumbai - 400010
- 3. The Deputy Commissioner of Sales Tax,**
Large Tax Payer Unit, E-610,
Sales Tax Office, Yervada Road,
Pune (Maharashtra)
- 4. The State of Andhra Pradesh,**
Through
The Commissioner of Commercial Taxes,
Having office at
C.T. Complex, Ground Floor, M.S. Road,
Nampally,
Hyderabad-500001,
(Andhra Pradesh)
- 5. The State of Chhattisgarh**
Through
The Commissioner of Commercial Taxes,
Having office at
Office of Commissioner, Commercial Tax
Behind Raj Bhava, Civil Lines,
Raipur (Chhattisgarh)
- 6. The State of Delhi,**
Through
The Commissioner of Trade and Taxes,
Having office at
Office of Commissioner, Sales Tax,
I.P. Estate, Vyapar Bhawan,
Delhi-110022

- 7. The State of Goa,**
Through
The Commissioner of Commercial Taxes,
Having office at
Vikrikar Bhavan, M.G. Road,
Panji, (Goa)
- 8. The State of Gujarat,**
Through
The Commissioner of Sales Tax,
Having office at
Govt. of Gujarat, Rajya Kar Bhavan,
Ashram Road, Ahmedabad – 380009,
(Gujarat)
- 9. The State of Haryana,**
Through
Excise & Taxation Commissioner,
Excise & Taxation Department,
Having office at
Vanijya Bhawan, Plot No. I-3,
Sector 5, Panchkula – 134151, (Haryana)
- 10. The State of Karnataka,**
Through
The Commissioner of Commercial Taxes,
Having office at Vanijya Karyalaya,
Kalidasa Marg, Gandhi Nagar,
Bangalore, (Karnataka)
- 11. The State of Kerala,**
Through
The Commissioner of Commercial Taxes,
Having office at
5th Floor, Tax Towers, Karamana P.O.,
Killippalam,
Thiruvananthapuram, (Kerala)
- 12. The State of Madhya Pradesh,**
Through
The Commissioner of Commercial Taxes,
Having office at
Indor Moti Bungalow Compound,
M.G. Road, Indore – 452001
(Madhya Pradesh)
- 13. The State of Tamil Nadu,**
Through
The Commissioner of Commercial Taxes,
Commercial Taxes,
Having office at
Ezhilaga Chepauk,
Chennai – 600 005, (Tamil Nadu)
- 14. The State of West Bengal,**
Through
The Commissioner of Commercial Taxes,
Having office at
Bhabani Bhaban (2nd Floor),
Alipore, Kolkata – 700027
(West Bengal)

15. The State of Assam,

Through
Commissioner of Taxes, Assam
Having office at
Kar Bhavan, Ganeshguri,
Guwahati – 781006, (Assam)

16. The State of Bihar,

Through
Commissioner of Commercial Taxes,
Public Relation
Having office at
Vikas Bhavan, Bailey Road, Patna – 800001, (Bihar)

17. The State of Himachal Pradesh,

Through
The Commissioner of Sales Tax,
Having office at
Govt. of Himachal Pradesh
B-30, SDA Complex, Kasumpti,
Shimla – 171009, (Himachal Pradesh)

18. The State of Jammu Kashmir

Through
Excise Commissioner J & K
Having office at
Excise & Taxation Complex,
Rail Head Complex, Panama Chowk,
Jammu – 180012, (Jammu & Kashmir)

19. The State of Jharkhand

Through
Secretary-cum-Commissioner of
Commercial Taxes,
Having office at
Department of Commercial Tax,
Project Building, Dhurva,
Ranchi-834004, (Jharkhand)

20. The State of Orissa,

Through
Commissioner of Commercial Taxes
Having office at
Vanijyakar Bhavan
Old Secretariat Compound
Cuttack – 753001, (Orissa)

21. The State of Punjab,

Through
The Excise and Taxation
Commissioner Punjab,
Having office at
S.C.O. 193-195, Sector 34-A,
Chandigarh, (Punjab)

22. The State of Rajasthan,

Through
The Commissioner of Commercial Taxes,
Having office at
Kar Bhawan, Bhawani Singh Road,
Ambedkar Circle, C-Scheme,
Jaipur-302005, (Rajasthan)

23. The State of Uttarakhand,

Through
The Commissioner of Trade Taxes,
Having office at
Commercial Tax Headquarters, Mussoorie
By pass road, Jogiwala,
Nathanpur (Near Pulia No. 6)
Dehradun-248001, (Uttarakhand)

24. The State of Uttar Pradesh,

Through
The Commissioner of Trade Taxes,
Having office at
No. 4, Vibhuti Khand,
Gomti Nagar, Lucknow-226016, (Uttar Pradesh)

25. The Union Territory of Chandigarh,

Through
The Commissioner of Sales Tax/Administrator
Having office at
Raj Bhavan, Chandigarh, (Union Territory)

.....Respondents**WITH****CENTRAL SALES TAX APPEAL NO. 13 OF 2015**

(Arising order out of date 15.12.2014 passed by the Maharashtra Sales Tax Tribunal at Mumbai in VAT Appeal No. 423 of 2013)

M/s. Kimberly Clark Lever Pvt. Ltd.

a Company incorporated under the
Companies Act, 1956, having the
Office at, Village Sanaswadi,
Tal-Shirpur,
Dist. - Pune - 412 208

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Sales Tax Office, Yervada Road, Pune (Maharashtra)

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Having office at
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Behind Raj Bhava, Civil Lines, Raipur (Chhattisgarh)

6. The State of Delhi,

Through
The Commissioner of Trade and Taxes,
Having office at
Office of Commissioner, Sales Tax,
I.P. Estate, Vyapar Bhawan,
Delhi-110022

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13. The State of Tamil Nadu,

Through
The Commissioner of Commercial Taxes,
Commercial Taxes,
Having office at
Ezhilaga Chepauk, Chennai – 600 005, (Tamil Nadu)

14. The State of West Bengal,

Through
The Commissioner of Commercial Taxes,
Having office at
Bhabani Bhaban (2nd Floor),
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25. The Union Territory of Chandigarh,

Through
The Commissioner of Sales Tax/Administrator
Having office at
Raj Bhavan,
Chandigarh, (Union Territory)

.....Respondents**APPEARANCE:**

Shri Naresh Thacker, Shri Kumar Visalaksh, Shri Supreme Kothari, Shri Udit Jain
and Shri Vibhor Sharma, Advocates for the Appellant

Ms. Rama Ahluwalia, Advocate for the State of Maharashtra

Shri C. Kranthi Kumar and Shri Misha Rohatgi, Advocates for the State of Tamil
Nadu

Ms. Madhumita Bhattacharjee and Shri B. Jagat Nayan, Advocates for the State
of West Bengal

Shri M.L. Garg, Advocate for the Government of Delhi

Ms. Pritha Srikumar Iyer and Shri Shubhaush Thakur, Advocates for the State of
Karnataka

Shri Soumyajit Pani and Shri Aishwary Bajpai and Shri Varun, Advocates for the
State of Orissa

Shri Nishe Rajen Shonker and Ms. Devika A.L., Advocates for the State of Kerala

Shri Surjendu Sankar Das and Shri Vishwajeet Singh Shekawat, Advocates for the State of Goa

Shri Ankit Roya, AOR and Ms. Marinalini Ramesh, Advocates for the State of Assam

Shri Vibhan Vyas and Shri Syed Haider Shah, Advocates for the State of Rajasthan

**CORAM: HON'BLE MR. JUSTICE DILIP GUPTA, PRESIDENT
HON'BLE MR. P.V. SUBBA RAO, MEMBER (TECHNICAL)**

Date of Hearing: 30.01.2026

Date of Decision: 22.05.2026

FINAL ORDER NO's. 50976-50977/2026

JUSTICE DILIP GUPTA:

CST Appeal No. 12 of 2015 has been filed by M/s. Kimberly Clark Lever Pvt. Ltd.¹ to assail the order dated 15.12.2014 passed by the Maharashtra Sales Tax Tribunal at Mumbai² in VAT Appeal No. 59 of 2011 relating to the assessment order dated 10.02.2011 passed by the Deputy Commissioner of Sales Tax, Large Tax Payers Unit-I, Pune³ for the assessment year 2005-06.

2. The operative part of the order is reproduced below:

"The Vat Appeal bearing no. 59 of 2011 is partly allowed. The goods transferred outside Maharashtra State from factory for handing over to Hindustan Lever Ltd. company are nothing but interstate sale liable for levy of C.S.T. at appropriate rate for which the matter is remanded back to the Assessing authority with a direction that he should ascertain the goods transferred for effecting sale Canteen Store Department and other retailers as per list submitted by appellant and agreements made with them if the appellant is able to furnish duly filled in F Forms and other relevant details. The Assessing authority is also directed to refer the D.D.Q. order bearing No. 11-2010/Adm-3/10/B-1 dated 07-12-2010."

-
1. the appellant
 2. the Maharashtra Sales Tax Tribunal
 3. the Deputy Commissioner

3. The relief claimed is to treat the movement of goods from the State of Maharashtra to other States as stock transfer. It is reproduced below:

- "i) the order of MS Tribunal dated 16.12.2014 (Exhibit-A read with Exhibit-A-1) and the order of the Assessing Officer dated 10.02.2011 (Exhibit-B) are bad in law and the same may be quashed and set aside.
- ii) both the Lower Authorities erred in law and on facts while disallowing the stock transfer of Rs. 105,42,61,155/- duly supported by 'F' Forms produced and available on record and treating the same as a pre-determined inter-State sale and imposing a tax on the same, total amounting to Rs. 10,94,25,133/- under the CST Act. Therefore on facts, the transactions be allowed as OMS Stock Transfers and the tax levied be deleted in the present appeal."

4. **CST Appeal No. 13 of 2015** has been filed by the appellant to assail the order dated 15.12.2014 passed by the Maharashtra Sales Tax Tribunal in VAT Appeal No. 423 of 2013 relating to the assessment order dated 29.06.2013 passed by the Deputy Commissioner for the assessment year 2008-09.

5. The operative part of the order is reproduced below:

"The Vat Appeal bearing No. 423/2013 is partly allowed and the goods transferred outside the Maharashtra State from factory for handing over to Hindustan Lever Ltd. company are nothing interstate sale liable for levy of C.S.T. at appropriate rate for which the matter is remanded back to the Assessing authority with a direction that he should ascertain the goods transferred for effecting sale to Canteen Store Department and other retailers as per list submitted by appellant and the agreements made with them if the appellant is able to furnish duly filled in F Forms and other relevant details. Appellant is also directed the referred D.D.Q. mentioned herein above."

6. The relief claimed is to treat the movement of goods from the State of Maharashtra to other States as stock transfer. It is reproduced below:

- "i) the order of MS Tribunal dated 16.12.2014 (Exhibit-A read with Exhibit-A-1) and the order of the Assessing Officer dated 29.06.2013 (Exhibit-B) are bad in law and the same may be quashed and set aside.
- ii) both the Lower Authorities erred in law and on facts while disallowing the stock transfer of Rs. 164,80,24,085/- duly supported by 'F' Forms produced and available on record and treating the same as a pre-determined inter-State sale and imposing a tax on the same, total amounting to Rs. 20,60,03,011/- under the CST Act. Therefore on facts, the transactions be allowed as OMS Stock Transfers and the tax levied be deleted in the present appeal."

7. The appellant manufactures sanitary napkins (Kotex) and baby diapers (Huggies) through its own factory at Sanswadi, Shirur, Pune in the State of Maharashtra and job-worker location at Indore (M.P.) and Manesar (Haryana), which are distributed through a pan-India network comprising 3 Buffer Depots and 27 Satellite Depots across multiple States.

8. Distribution and Consignment Agreement⁴ was executed between the appellant (described as KCLL) and Hindustan Lever Limited (described as HLL) on 19.01.1995. The relevant portions of the Agreement are reproduced below:

"WHEREAS, (1) KCLL is desirous of appointing HLL as its distributor and consignment agent of the Products (as hereinafter defined) in India, and (2) HLL is willing to be appointed as such distributor and consignment agent on the terms and conditions hereinafter appearing:

4. the Agreement

NOW, THEREFORE, THIS AGREEMENT
WITNESSETH AS FOLLOWS:

4. Orders and Deliveries.

4.1 **HLL shall, before the commencement of each quarter of the financial year, furnish KCLL with a written estimate of the quantities of the Products expected to be (a) purchased, or (b) required for consignment, by HLL during such quarter. HLL and KCLL shall agree on the lead time for receiving said quarterly estimates taking into account KCLL's product planning needs. Such estimate shall only be indicative and not binding.**

4.2 At least fifteen (15) days prior to the beginning of each calendar month, HLL will place written purchase orders with KCLL covering HLL's requirements of the Products for purchase and resale as a distributor for that month.

4.5 **All purchase orders, and requests for delivery, submitted by HLL to KCLL pursuant to this Agreement shall be subject to acceptance.**

5. Prices.

5.1 The sale of Products by KCLL to HLL shall be made at KCLL's list price (the "List Price") as established by KCLL from time to time. The List Price shall include, but not be limited to, (i) manufacturer's excise tax, (ii) applicable sales tax and other levies as may be required, and (iii) cost of primary freight to the respective clearing and forwarding agent of HLL.

The maximum price to the trade that can be charged by HLL on resale of the Product shall be set by KCLL (the "Maximum Resale Price") and shall consist of the List Price

plus (i) an amount equivalent to HLL's Out-of-Pocket Expenses, and (ii) a premium of three percent (3%) of the List Price (after deduction of manufacturer's excise tax, sales tax and other such levies). HLL shall, however, be free, in its sole discretion, to sell the Products at less than the Maximum Resale Price.

5.6 A pricing model to illustrate the foregoing is attached hereto as Schedule B.

8. Settlement of Non-Consignment Accounts.

KCLL shall submit its invoices to HLL with relevant documents upon shipment of the Products in all respects as detailed in the purchase orders of HLL, and HLL shall settle such invoices within three (3) business days of the week succeeding the week in which the invoices have been raised on HLL.

10. Transfer of Title.

10.1 On delivery to HLL of the Products purchased for resale by HLL, title in the Products, and risk of loss, shall vest in HLL.

10.2 Title to consigned Products delivered to HLL shall remain with KCLL until sold by HLL. Proceeds of such sale shall be held in trust by HLL for KCLL until remitted to KCLL. HLL shall bear the risk of loss of such consigned Products while they remain in the custody of HLL.

12. Certain Consignment Terms and Conditions.

12.1 HLL shall keep account books and records in respect of all consignment transactions which shall be available for inspection by KCLL.

12.2 HLL shall return all consigned Products that remain unsold as KCLL shall request from time to time.

12.3 HLL shall invoice for its consignment sales using such invoice forms as shall be mutually agreed.

16. Performance and Reports.

16.1 Prior to each calendar year, KCLL and HLL shall consult and mutually agree on annual distribution objectives and minimum annual unit sales objectives for the Products for that succeeding year and the amount of Product which will be sold or consigned to HLL for distribution.

16.2 HLL shall use its best efforts to achieve the mutually agreed distribution and sales objectives.

17. Termination.

17.1 Without prejudice to any other rights or remedies, this Agreement may be terminated:

17.1.1 by either party for a material breach of any of the terms of this Agreement by the other party if the breach is not corrected within thirty (30) days after written notice to the breaching party:

*****"

(emphasis supplied)

9. A Memorandum of Understanding⁵ was also entered into between the appellant and HLL on 26.07.2000 and the said MOU is reproduced below:

5. MOU

MEMORANDUM OF UNDERSTANDING

Under the Shareholder's Agreement ("Agreement") made on 19th January, 1995 by and between Kimberly-Clark Corporation ("K-CC") and Hindustan Lever Limited ("HLL"), K-CC and HLL in accordance with the laws and regulations of India, have established an Indian public limited company under the name and style of Kimberly-Clark Lever Ltd. ("KCLL")

Under the agreement, HLL has among other things primary responsibility for the sale and distribution of Diaper and Feminine Protection Products.

KCLL has been operating for more than five years now and manufacturing Diaper and Feminine Care Products and as mentioned above HLL has had the primary responsibility for sale and distribution. Given the current low penetration levels of Feminine care and Infant care products in India, there is obviously a good potential for growth. **In view of this KCLL would like to significantly accelerate its growth in India and one of the key routes for achieving it is by bringing about greater focus on its top-line growth.**

Currently HLL acts as a consignment agent for KCLL sales. In order to further leverage on HLL's distribution network and exploit the potential for growth it is hereby agreed that HLL be directly involved in the sale and distribution of KCLL's products.

KCLL products have a large portion of their markets in urban areas and at the same time rural areas present a potential for further penetration. Thus it is proposed that KCLL shall directly sell its products to HLL for further sale and distribution, particularly in urban areas, to give push to the volume growth. KCLL will supplement and increase the width of the market by engaging in sale and distribution primarily in rural areas.

In view of the above change the following points are agreed in order to ensure a smooth transition from the current system.

1. **KCLL shall sell its products to HLL at a discount of 4% for sale and distribution by HLL.**
2. **HLL shall have no objection to KCLL operating from its depots for the purpose of sale of its products to HLL and other customers.**
3. A review of operations under the new system shall be made after an appropriate period and such changes to the structure of this agreement/ costs and revenue sharing model as are found mutually acceptable to HLL and KCLL will be made."

(emphasis supplied)

10. Subsequently, two amendments were made in the Agreement for extending the term of the Agreement upto 31.12.2009 and 31.12.2010.

11. It is seen that for the assessment year 2005-06, the appellant had claimed exemption of Rs. 1,06,71,26,158/- as stock transfer under the provisions of the Central Sales Tax Act, 1956⁶. The Deputy Commissioner, by order dated 10.02.2011, allowed exemption to the extent of Rs. 1,28,65,003/- against Form F and the remaining amount of Rs. 105,42,61,155/- was disallowed and held leviable to central sales tax for the reason to the movement of goods from the State of Maharashtra to other States was pursuant to sale or agreement of sale. A demand of Rs. 18,76,84,304/- was, therefore, raised under section 3(a) of the Central Sales Tax Act.

12. For the assessment year 2008-09, the appellant claimed exemption of Rs. 164,81,862/- as stock transfer. The Deputy Commissioner, by order dated 29.06.2013, disallowed claim of Rs. 163,81,75,498/- as Form F was found to be defective. However, Form F in respect of Rs. 99,56,465/- was

6. **the Central Sales Tax Act**

not found defective but only 3% amounting to Rs. 2,98,694/- was allowed as being sale to Canteen Stores Department⁷ of Indian Defence Services. Thus, the assessment order demanded Rs. 33,91,456/- towards central sales tax under section 3(a) of the Central Sales Tax Act.

13. Feeling aggrieved, the appellant filed VAT Appeal No. 59 of 2011 in respect of the assessment year 2005-06 and VAT Appeal No. 423 of 2013 in respect of the assessment year 2008-09 before the Maharashtra Sales Tax Tribunal. Both the appeals have been decided by a common order dated 15.12.2014 passed by the Maharashtra Sales Tax Tribunal. The relevant portion of the order is reproduced below:

“***** From the other terms such as price and losses etc., it seems that the HLL has taken the responsibility of selling of the products in India and it is agreed between the parties that purchase order will placed by HLL as per requirement of products etc. when these are the terms it shows the transaction between these two companies are sales transactions only. **Appellant had stated that it is not feasible from factory to sell the products hence these products are gone to various buffer depots and Satellite depots. In Maharashtra even if the products are obtained through Satellite depots by HLL the same are sales of the company from factory. Appellant is saying that goods are per market requirement are transferred from factory to outside state to own branches in bulk. But if the transfer memo dates and sale memo dates from branches are seen there is no much time gap.** ***** But when it is agreed between KCLL (the appellant) and the HLL that the products of KCLL will be purchased by HLL, the goods sending at branch and then raising invoices from branch office and saying that the goods are transferred to branches as stock transfers and then sold at Branches has no relevance. **Therefore, the transactions between HLL and the appellant are**

nothing but interstate sale. Because HLL wants to purchase the goods as per agreed terms made at registered head office at Mumbai. No separate agreement made with branch offices. The intention of parties is seen from memorandum of understanding. It is mentioned in the board of directors meeting that the company shall sell its product to HLL for further sell and distribution. It makes clear that in Indian market, appellant wants to sell his product to HLL for which 4% discounts was fixed between both the companies otherwise that condition was not necessary. **The branch office is playing a role of conduit pipe only.**

Appellant is saying that he has another 20 distributors for which he produced a list of name of retailers in all the regions with agreement and one of his customer is canteen stores Department, for which he has produced the documents. It is stated by Deputy Commissioner while passing order that appellant is selling his 97% goods to M/s. HLL. But as regards sales to Canteen Store Department, it is necessary to see those transactions with their purchase orders placed with the branch office of appellant. So the matter is required to be remanded back to the assessing officer. Because while passing assessment order for the period 2005-2006, the assessing officer allowed raw material transfers to manufacturing unit but rest of the transfers he disallowed fully presuming that entire sale to HLL. Some sale might have been made to canteen stores department and that appropriate rate of tax is required to be levied as per D.D.Q. given by the Commissioner.

Coming to assessment order for the year 2008-2009, it is stated by appellant that there is movement of goods worth Rs. 1,59,16,90,467/- of finished product and raw material worth Rs. 5,64,41,495/- for which all F forms produced however, the assessing officer considered defective F forms of Rs. 163,81,75,498/- and out of valid F forms Rs. 99,56,465/- he allowed 3% i.e. Rs. 2,98,694/- and on Rs. 164,80,24,085/- tax at 12.5% was levied."

(emphasis supplied)

14. Shri Naresh Thacker, learned counsel for the appellant assisted by Shri Kumar Visalaksh, Shri Supreme Kothari, Shri Udit Jain and Shri Vibhor Sharma made the following submissions:

- (i) The Maharashtra Sales Tax Tribunal has erroneously classified the stock transfer of goods as inter-State sales under section 3(a) of the Central Sales Tax Act;
- (ii) Distribution and Consignment Agreement read with Memorandum of Understanding merely provides a broad framework within which purchase order is raised and it has wrongly been classified by the Maharashtra Sales Tax Tribunal as contract of sale. In support of this contention, learned counsel placed reliance on the following decisions:
 - (a) **M/s. BASF India Ltd. vs. State of Karnataka and ors.**⁸;
 - (b) **State of Andhra Pradesh vs. Coromandel Paints & Chemicals Ltd.**⁹;
 - (c) **M/s. Carlsberg India Pvt. Ltd. vs. State of Rajasthan**¹⁰;
- (iii) The department wrongly linked movement of goods in pursuance to the purchase order with sale at respective Satellite Depots. The movement of goods was a standard business practice for replenishment of inventory at the satellite depots based on market estimation;
- (iv) Stock is transferred from the manufacturing units to the Buffer/Satellite Depots. Then, sales of goods take place only when specific purchase orders are raised by Hindustan Lever Limited or other buyers. In each of these

8. 2022 (11) TMI 434

9. (1995) 98 STC 82 (AP)

10. CST Appeal No. 21 of 2014 decided on 21.10.2024 (Tri.-Del.)

circumstances, appropriation of goods does not occur prior to receipt of the specific purchase orders from Hindustan Lever Limited or other buyers. Appropriation takes place only upon receipt and acceptance of purchase orders from Hindustan Lever Limited or other buyers. In this connection, reliance has been placed on the following decisions:

- (a) Tata Engineering & Locomotive Co Limited vs. Assistant Commissioner of Commercial Taxes and another¹¹;**
 - (b) Kelvinator of India Ltd. vs. The State of Haryana¹²;**
 - (c) M/s. Keltech Energies Ltd. vs. State of Maharashtra¹³;**
- (v)** Identical transactions were accepted as stock transfer by the same tax authorities in the earlier tax period. As such, a contrary stand cannot be taken by the department on a mere change of opinion without any material change of the transaction;
- (vi)** Stock transfer from manufacturing unit to the Buffer Depots and from the Buffer Depots to the Satellite Depots or from one Satellite Depot to another Satellite Depot have been accepted by tax authorities of the respective States where such Buffer Depots or Satellite Depots are located;
- (vii)** Form-F for assessment period 2008-09 should not be directed to be revised/rectified for minor procedural defects as the impugned order itself records that the appellant was in possession of the lorry receipts, which

11. (1970) 1 SCC 622

12. (1973) 32 STC 629 (SC)

13. CST Appeal No. 01 of 2018 decided on 08.07.2024 (Tri.-Del.)

constitute valid proof of dispatch for the purposes of section 6A of the Central Sales Tax Act. In such circumstances, Form-F could not have been rejected merely on account of minor procedural lapses;

- (viii)** Local tax has been paid on a transaction assuming such transaction as intra-State sales and so if the stock transfer from originating State is held as inter-State sales then such local tax amount should be adjusted with the tax on such inter-State sales and no interest should be levied thereon; and
- (ix)** In the present case, if section 22(1B) of the Central Sales Tax Act is invoked, the obligation to discharge the central sales tax liability lies upon the respondent States and not upon the appellant. Accordingly, where no central sales tax is payable by the appellant, the levy of interest under section 9 of the Central Sales Tax Act read with section 30 of the Maharashtra Value Added Tax Act, 2002¹⁴ is legally unsustainable.

15. Ms. Rama Ahluwalia, learned counsel for the State of Maharashtra, however, supported the impugned order and made the following submissions:

- (i)** The submission of the appellant that the transfer is not by way of inter-State sale is not correct. The appellant failed to produce purchase orders saying that Systems, Applications and Products in Data Processing¹⁵ is jointly operated and, therefore, both the seller and the buyer have all the information;

14. the MVAT Act
15. SAP

- (ii) The transaction between the appellant and Hindustan Lever Limited are inter-State sale in terms of MOU dated 26.07.2000;
- (iii) The State of Goa and the State of Assam have supported the stand of the State of Maharashtra;
- (iv) As per MOU, the goods of the appellant will be sold to Hindustan Lever Limited. It means when the goods move from the State of Maharashtra, inter-State sale movement starts and when the goods reach the destination, inter-State sale is completed because of the Agreement between the appellant and Hindustan Lever Limited at registered office in Mumbai for selling of product. In such circumstance number, date, amount, earmarking of product is not necessary. As per MOU, the products are to be purchased by Hindustan Lever Limited only. So sending the products in parts to the branch of the appellant and taking entry of the same in stock register has no meaning; and
- (v) In support of the contentions, learned counsel for the State of Maharashtra placed reliance on the following decisions:
 - (a) **Sahney Steel and Press Works Limited and Ors. vs. Commercial Tax Officer and Ors.**¹⁶;
 - (b) **Hyderabad Engineering Industries vs. State of Andhra Pradesh**¹⁷;
 - (c) **English Electric Company of India Ltd. vs. The Deputy Commercial Tax Officer and others**¹⁸;
 - (d) **Oil India Ltd. vs. The Superintendent of Taxes and others**¹⁹;

16. Writ Petition No. 7337 of 1981 decided on 10.09.1985 (S.C.)
 17. (2011) 4 SCC 705
 18. (1976) 4 SCC 460

- (e) Union of India and another vs. M/s. K.G. Khosla & Co. Ltd. and others²⁰;**
(f) IDL Chemicals Limited vs. State of Orissa²¹; and
(g) M/s. Indapur Dairy and Milk Products Ltd. vs. State of Maharashtra and others²².

16. Learned counsel for the other respondent States have supported the stand of the appellant.

17. The submissions advanced by the learned counsel for the appellant, learned counsel for the State of Maharashtra and the learned counsel appearing for other respondent States have been considered.

18. The issue that arises for consideration in these two appeals is whether the movement of goods from the State of Maharashtra to the other States in terms of the Agreement and MOU is inter-State sale within the meaning of section 3(a) of the Central Sales Tax Act or is merely a stock transfer by the appellant to its 3 Buffer Depots and 27 Satellite Depots situated across multiple States.

19. To appreciate this issue it will be necessary to refer to the relevant terms of the Agreement. It provides, amongst others, that Hindustan Lever Limited shall, before the commencement of each quarter of the financial year, furnish to the appellant with a written estimate of the quantities of the products expected to be purchased or required for consignment by Hindustan Level Limited during each quarter. All purchase orders and requests for delivery submitted by Hindustan Lever Limited to the appellant pursuant to the Agreement shall be subject to acceptance. A pricing model was attached to Schedule B to the Agreement. Hindustan Lever Limited has to keep account books and records in respect of all

19. (1975) 1 SCC 733

20. (1979) 2 SCC 242

21. (2007) 14 SCC 386

22. CST Appeal No. 50634 of 2024 decided on 28.07.2025

consignment transactions and it shall return all consigned products that remain unsold. The framework of the Agreement contemplates two modes of operations; the first is on consignment basis and the second is on distribution basis. However, in practice Hindustan Lever Limited acted on consignment basis only upto the year 2000.

20. In the year 2000, MOU was entered which modifies the Agreement and retains Hindustan Lever Limited merely as a distributor on a principle to principle basis. The important changes made to the Agreement are that the appellant shall sell its products to Hindustan Lever Limited at a discount of 4% for sale and distribution by Hindustan Lever Limited. Hindustan Lever Limited shall also have no objection to the appellant operating from its depots for the purpose of sale of its products to Hindustan Lever Limited and other customers.

21. A flow chart submitted by the appellant in respect of the transfer of goods from the manufacturing unit in the State of Maharashtra to the Buffer Depots and Satellite Depots situated in other States is as follows:

- (i)** Goods from the manufacturing units are transferred to Buffer Depots which are situated outside the State as "stock transfer". Further, goods are transferred as "stock transfer" from Buffer Depots to Satellite Depots for sale;
- (ii)** At times, stock is directly transferred from the manufacturing units to Satellite Depots;
- (iii)** Raw material stock is transferred from the manufacturing units to Satellite Depots;
- (iv)** Goods are transferred under Stock Transfer Note and lorry receipts which clearly mention the appellant as the consignor and consignee;

- (v)** Goods are unloaded at the Buffer Depots/Satellite Depots, where the C and F Agent prepares the Goods Inspection Report and goods are duly entered in the stock ledgers maintained at the Buffer Depots/Satellite Depots of the appellant; and
- (vi)** Sales only take place from the Satellite Depot under local Value Added Tax.

22. It is clear from the MOU that the appellant shall operate from its depots for the sale of its products to Hindustan Lever Limited and other customers. This clearly implies that the sale of the products takes place at the depots of the appellant in other States. It is also clear that the Agreement does not stipulate any quantity, product specification or determinative price and is merely a framework arrangement. The purchase orders specifying quantity, product specification and price are placed at the depot level of the appellant in other States from where the goods are supplied. The Agreement only identifies the brand i.e. Kotex and Huggies each comprising multiple products and provides an illustrative pricing mechanism and imposes no obligation or consequence for non placement of order. It is also seen that purchase orders were always placed by Hindustan Lever Limited on concerned Satellite Depots of the appellant pursuant to which the goods were delivered from the Satellite Depots. The goods moved from the manufacturing unit to the Buffer Depots or directly to the Satellite Depots under cover of stock transfer note and lorry receipts. The goods also moved from the Buffer Depots to the Satellite Depots, including Satellite Depots of other States for replenishment purposes, and were sold only from the Satellite Depots. The sales were also made from the Satellite Depots to CSD and other retail

distributors. It also needs to be noted that at any point of time the inventory line in the Satellite Depots in any State comprised a mixed pool of standard or unascertained goods manufactured at Pune or through job work units in Manesar or Indore. This formed a common indistinguishable stock. Thus, the source of any specific goods cannot be traced with certainty to the Pune unit and appropriation of goods occurred only at the depot level upon placement and acceptance of the purchase order. It further needs to be noted that the goods received at the Buffer Depots and Satellite Depots were further stock transferred to other States, which stock transfer have been allowed by such States and assessments have attained finality.

23. It is in the light of the aforesaid facts that it has to be seen whether the transfer of goods from the State of Maharashtra to the other States is an inter-State sale or a stock transfer by the appellant to its Buffer Depots/Satellite Depots.

24. It will, therefore, be necessary to examine section 3 the Central Sales Tax Act. It is as follows:

"3. When is a sale or purchase of goods said to take place in the course of inter-State trade or commerce.- A sale or purchase of goods shall be deemed to take place in the course of inter-State trade or commerce if the sale or purchase-

(d) occasions the movement of goods from one State to another; or

(e) is effected by a transfer of documents of title to the goods during their movement from one State to another."

25. The provisions of sections 3 of the Central Sales Tax Act were examined by the Supreme Court in **Hyderabad Engineering** and the relevant portion of the judgment is reproduced below:

"20. For a sale to be in the course of inter-State trade or commerce under Section 3(a), two conditions must be fulfilled. There must be sale of goods. Such sale should occasion the movement of the goods from one State to another. A sale would be deemed to have occasioned the movement of the goods from one State to another within the meaning of clause (a) of Section 3 of the Act when the movement of those goods is the result of a covenant or incidence of the contract of sale, even though the property in the goods passes in either State. With a view to find out whether a particular transaction is an inter-State sale or not, it is essential to see whether there was movement of the goods from one State to another as a result of prior contract of sale or purchase.

23. It is an accepted position in law that a mere transfer of goods from a head office to a branch office or an inter-branch transfer of goods, which are broadly brought under the phrase 'Branch transfers' cannot be regarded as sales in the course of inter-State trade, for the simple reason that a head office or branch cannot be treated as having traded with itself or sold articles to itself by means of these stock transfers."

(emphasis supplied)

26. What transpires from the aforesaid decision of the Supreme Court in **Hyderabad Engineering** is that for a sale to be in the course of inter-state trade or commerce under section 3(a) of the Central Sales Tax Act, there must be a sale of goods and such sale should occasion the movement of the goods from one State to another. To find out whether a

particular transaction is a inter-state sale or not, it is essential to see whether the movement of the goods from one State to another is as a result of a prior contract of sale.

27. In the present case, the Agreement read with the MOU does not mandate sale of purchase of goods. It merely provides a broad framework within which the purchase order is raised and in fact the Agreement is merely a standing offer. The purchase orders were raised within the framework of the Agreement pursuant to which the goods were delivered to Hindustan Lever Limited. It is the purchase order that constitutes a contract of sale.

28. The judgment of the Karnataka High Court in **BASF India** is a judgment which applies to the facts of the present case. This is for the reason that the Writ Petition that was filed before the Karnataka High Court arose out of a decision dated 27.06.2019 of the Central Sales Tax Appellate Authority in the matter of BASF India in which the same issue namely whether a pre-existing rate contract, which is like the Running Contract in the present case, occasioned inter-state movement of goods or it was a standing offer. The Central Sales Tax Appellate Authority held that it would amount to inter-state movement of goods, but this decision was specifically overruled by the Karnataka High Court and it was held that the agreement was merely a 'standing offer'. The case that BASF India set up in the writ petition was that the product is approved by the customers, the petitioner receives open purchase orders and thereafter transfers the stock to its godowns situated near the manufacturing unit of the customers and supplies the paint as and when the indent is received. The department believed that this was an inter-state movement of goods from the manufacturing unit of the petitioner at Mangaluru to various depots in

other States against pre-existing contract and, therefore, would amount to inter-state sale liable to tax under section 3 of the Central Sales Tax Act. The contention that was advanced on behalf of the writ petitioner was that the open purchase orders do not stipulate any specified quantity and so it cannot be construed as an 'agreement to sell'. The question, therefore, that fell for consideration before the High Court was whether the transfer of the goods under Form-F to the depots of the petitioner situated in different States would amount to inter-state sale under section 3(a) of the Central Sales Tax Act. After taking note of the fact that the open purchase orders did not mention the quantity of the goods supplied and it was only to ensure prompt delivery of goods as and when called upon that BASF India transferred the goods and stocks to its depot, the High Court held that the open purchase order would not constitute any contract for sale and that only the purchase orders issued from time to time for supply of goods would constitute a contract between the parties. Thus, the sales effected pursuant to such purchase orders would be an intra-state sale and not inter-state sale. The relevant portions of the judgment of the Karnataka High Court are reproduced below:

"3. Brief facts of the case are, petitioner is in the business of manufacture and sale of automotive paints. It is a registered dealer under the provisions of K-VAT Act (Karnataka Value Added Tax Act, 2003 - 'K-VAT Act' for short). **Its manufacturing unit is situated near Mangaluru in Karnataka. It has warehouses (Branch offices) in Maharashtra, Tamilnadu, Haryana and Uttarakhand.**

4. Petitioner manufactures automotive paints for original equipment manufacturers and supplies to Tata Motors, Mahindra and Mahindra, Maruti Udyog Ltd., etc., who procure raw materials on just-in-time (JIT) basis. **To cater to their needs, petitioner has**

developed a business model to ensure that stock is maintained at warehouses located near the factories of OEM Customers.

5. Petitioner's case in substance is, after the product is approved by the customers, petitioner receives open purchase orders. Petitioner transfers the stock to its godowns situated near the customer's manufacturing unit and supplies the paint as and when the indent is received.

8. Based on the Investigation Report, the Department issued proposition notices for reopening the assessment proceedings and concluded the proceedings by rejecting 'F-forms' on the Stock Transfer turnover on the ground that Inter-state movement of goods from the manufacturing unit at Mangaluru to various depots in other States was against pre-existing Contract and amounted to Inter-State sale liable to tax under Section 3 of the CST Act.

17. The argument of Shri Sridharan in substance, is open purchase orders do not stipulate any specified quantity. Therefore, it cannot be construed as an 'agreement to sell'. In order to satisfy the requirement under Section 3(a) of the CST Act, there must be inter-state movement of goods pursuant to an agreement to sell or a contract.

18. Revenue's case is, the open purchase order given by customers is an agreement to sell. The movement of goods occurs from Mangaluru to petitioner's depots situated at various places pursuant to the said agreement. Therefore, the transaction is an inter-state sale within the meaning of Section 3(a) of the CST Act.

19. Thus, the question that falls for consideration is, whether in the facts of this case, inter-state transfer of goods under Form-F to petitioner's

depots situated in different states amounts to inter-state sale under section 3(a) of the CST Act?

21. Shri Sridharan urged that for a transaction to be defined as inter-state sale, two conditions must to be fulfilled. Firstly, movement of inter-state goods and secondly, transfer of title to the goods during their movement from one State to another. He submitted that the original equipment manufacturers and ancillaries who purchase goods from petitioner stipulate the 'quality standers' and other technical specifications in the open purchase orders which do not contain the 'quantity' and date of supply. The purchaser/s issue specific purchase order containing the quantity based on the requirement from time to time and the same is supplied from petitioner's depots immediately on just in time model.

28. In order to hold that a transaction falls under Section 3(a) of the CST Act, the sale or purchase must cause movement of goods from one State to another or transfer of title to the goods must take place during their movement from one State to another.

29. In the case on hand, goods have been moved to different State under Form-F. Assessee's specific case is, sale is effected based on the indents received from time to time from the purchasers.

35. Adverting to the facts of this case, the Open Purchase Orders referred to hereinabove, do not mention the quantity of the goods supplied. We may record that in order to avoid inventory, manufacturers have been using the 'JIT' (Just in time) supply model. It was argued on behalf of the assessee that to ensure, prompt delivery of the goods as and when called upon, the assessee transfers the goods and stocks it in its depot. Shri Sridharan also urged that the automobile manufacturing Industries nor the ancilliary

units had any obligation to place purchase orders. In case the paint had remained unsold, the option for the assessee is to either destroy it or to take it back to its Manufacturing unit.

36. It is not in dispute that goods were transferred from Mangaluru to various depots situated in different States under Form-F and assessments for the years 2006-07 and 2007-08 were concluded by accepting the Statutory declarations filed in Form-F.

37. In view of the Authorities in the case of Maddala Thathiah and Kelvinator, we are of the considered view that the Open Purchase Orders do not constitute any Contract. The Purchase Orders issued from time to time for supply of goods constituted Contract between parties. Thus, the sale effected pursuant to such Purchase Orders is an Intra-State sale in that State. We say so because, whilst Goods were stored in various States, the ownership and title of goods vested with the assessee. Pursuant to the Purchase Orders received from time to time, assessee has delivered the goods from its depot in that State to the respective purchasers.

38. In view of the above discussion, this writ petition merits consideration. Hence the following:

ORDER

(a) Writ petition is allowed.

(b) Order dated 27th June 2019 Annexure-A is quashed holding that Open Purchase Orders are only standing offers and do not constitute a confirmed 'Agreement to sell' and movement of goods are mere stock transfers.

No costs."

(emphasis supplied)

29. In **Coromandel Paints**, the Andhra Pradesh High Court held:

"16. It is thus clear that where the terms of the agreement enjoin supply of goods against an order already placed, it amounts to a contract if the goods are specified but they are to be delivered at a future

date as and when specified. **But, where neither the quantity nor the goods have been specified and the supply has to be made at a stated period of the required quantity, it cannot be said that there was a sale or even an agreement to sell, it is merely a standing offer."**

(emphasis supplied)

30. In **Carlsberg India**, the issue that arose for consideration was regarding demand of central sales tax on movement of goods from the manufacturing units of the appellant situated in the State of Rajasthan to the depots in the State of Bihar and the State of Jharkhand. The impugned order treated the movement of goods to be arising out of inter-State supply of goods instead of inter-State stock transfer as claimed by Carlsberg India. The relevant portion of order is as follows:

"25. The contention of the learned counsel appearing for the appellants is that the movement of the goods from the State of Rajasthan to their depots in the State of Bihar had not occurred under the Master Agreement, incidental or otherwise since the clauses of the Master Agreement do not specify that the liquor manufactured by the appellants in the State of Rajasthan must be supplied to the depots of the Corporation on an inter-state basis. The submission of the learned senior counsel for the State of Rajasthan is that the movement of goods from the State of Rajasthan to the State of Bihar or the State of Jharkhand was occasioned by the Master Agreement as can be seen from the clauses of the Master Agreement and the Liquor Policy. According to the learned senior counsel, the OFS only implemented the Master Agreement and the Liquor Policy."

31. After referring to the decision of the Allahabad High Court in **Central Distillery & Breweries Ltd. vs. Commissioner of Trade Tax, U.P.,**

Lucknow²³, the judgment of the Karnataka High Court in **BASF India**, the Tribunal in **Carlsberg India** held:

"54. In the present case, in terms of the Liquor Policy of the State of Bihar, the Corporation is under no obligation to procure any specified minimum quantities of beer. **The Corporation issues the OFS on the local depots of the appellants situated in the State of Bihar for supply of specified quantity of beer. The OFS have a validity period within which the goods are required to be delivered to the Corporation.** Clause 10.1 of the Liquor Policy clearly provides that the supply of beer to the Corporation against OFS shall be construed as an agreement to sell under section 4(3) of the Sale of Goods Act. Clause 5A of the License also requires Carlsberg to maintain a minimum stock of liquor at its depots in the State of Bihar as prescribed by the Corporation from time to time and to recoup the stock within seven days in case it goes below the minimum limits. **Carlsberg is, therefore, justified in asserting that in order to comply with the requirement of maintaining a minimum stock at the local depots in the State of Bihar and also to ensure the delivery of beer to the Corporation within the validity period prescribed in the OFS, it has to effect inter-state stock transfer of beer from its factory in the State of Rajasthan to its depots in the State of Rajasthan from time to time through Form-F, depending on estimation of market demand and that it is only when OFS is placed by the Corporation on the depots of the appellants in the State of Bihar that the goods are sold.** Thus, it is the OFS that concludes the contract of sale between Carlsberg and the Corporation. The movement of goods from the State of Rajasthan to the depots of Carlsberg in the State of Bihar, therefore, cannot be said to have been occasioned by reason of any sale agreement. The appellants treated the sale from its depots in the State of Bihar to the Corporation in the State of Bihar as sale and paid local VAT.

23. (1999) 115 STC 296 (All)

55. **There can, therefore, be no manner of doubt that the movement of goods from the manufacturing units of the appellants situated in the State of Rajasthan to the depots of the appellants in the State of Bihar or the State of Jharkhand was not occasioned by any prior contract of sale or agreement to sell. The appellants had merely stock transferred beer from the manufacturing units of the appellants situated in the State of Rajasthan to the depots of the appellants situated in the State of Bihar or the State of Jharkhand. The movement of goods did not occur from the State of Rajasthan to the State of Bihar or the State of Jharkhand pursuant to the Master Agreement or the Liquor Policy.**

56. The learned senior counsel for the State of Rajasthan is, therefore, not justified in placing reliance on clause 2 of the Master Agreement and clause 3.1 of the Liquor Policy to contend that the movement of goods was occasioned as a result of the Master Agreement and so would result in an inter-state sale."

(emphasis supplied)

32. The aforesaid decisions to support the stand of the appellant that transfer of goods from the State of Maharashtra to the Satellite Depots and Buffer Depots in other States was by way of stock transfer and not by way inter-State sale.

33. Learned counsel for the State of Maharashtra, however, placed reliance on certain decisions. These decisions do not come to the aid of the State of Maharashtra:

- (i) Hyderabad Engineering:** Here there was a binding sales agreement pursuant to which the buyer (UIL) issued indents specifying size, quantity and destination, and based on such indents, goods were moved from the factory itself. The Supreme Court, therefore, held that the

movement of goods was occasioned by the Agreement. In the present case, the goods moved from the manufacturing units to Buffer Depots/Satellite Depots for inventory replenishment and purchase orders were placed only after the goods had reached the Satellite Depots;

- (ii) **IDL Chemicals:** It was under a mandatory and enforceable obligation to supply coal pursuant to orders specifying quantity and price, which constituted contracts of sale. In the present case, the Agreement/MOU does not specify quantity, price or specification nor does it create a binding or enforceable obligation to supply or purchase. These elements arise only upon placement and acceptance of depot-level purchase orders;
- (iii) **Balabhagas Hulaschand vs. State of Orissa²⁴:** Goods were earmarked for a specific buyer, booked in the name of the buyer, and inspected at destination prior to completion of sale. In the present case, the goods move as standard, unascertained goods, not earmarked to any buyer, and are appropriated only upon acceptance of purchase orders placed by Hindustan Lever Limited, CSD and other buyers;
- (iv) **English Electric:** Goods were manufactured and moved pursuant to a specific buyer order placed at the branch level. In the present case, goods moved to Buffer Depots/Satellite Depots for inventory replenishment based on market estimation, without linkage to any prior purchase order;

24. (1976) 2 SCC 44

- (v) **Oil India:** Inter-State movement was contemplated and embedded in the agreement itself through a dedicated pipeline constructed for supply to a specified refinery. In the present case, movement from manufacturing units to Buffer Depots/Satellite Depots is part of a distribution logistics network for FMCG products. This is unconnected with any concluded sale;
- (vi) **K.G. Khosla:** Goods were manufactured to specific buyer specifications pursuant to an order received prior to movement. In the present case, goods are standard and unascertained at the time of movement. The sale occurs only upon depot-level purchase order;
- (vii) **Commissioner of Commercial Taxes, Hyderabad vs. Deesai Beedi Company**²⁵: The Supreme Court held the transaction to be a branch transfer, as the sale was completed at auction prior to movement to another State. This case does not support the case of the State of Maharashtra;
- (viii) **South India Viscose Ltd vs. State of Tamil Nadu**²⁶: Movement was pursuant to allocation cards specifying quantity and purchaser, constituting a contract of sale. The Agreement/MOU in the present appeals contain no allocation, quantity or price, and, therefore, cannot be treated as a contract of sale; and
- (ix) **Indapur Diary and Milk:** The Tribunal examined whether the movement of goods from the factory of the appellant at Pune to Haridwar was pursuant to purchase orders placed by Patanjali. The Tribunal held that the

25. 2015 (82) VST 242 (SC)

26. 1981 (48) STC 232 (SC)

goods were manufactured strictly as per specifications of Patanjali and were subject to verification at Haridwar. On appreciation of documents such as purchase orders, invoices, Lorry receipts, stock transfer challans and Form No. 16, it was found that invoices were raised only after receipt of purchase orders and the movement of goods was, accordingly, held to be pursuant to such purchase order. The standard good in the present appeal move from the manufacturing unit to Buffer Depots/Satellite Depots for stock replenishment based on market estimation, and delivery to customers takes place only pursuant to purchase orders placed on the Satellite Depots. Therefore, the said decision does not support the case of the State of Maharashtra.

34. It further needs to be noted that in State of Maharashtra vs. **Castrol India Ltd.**²⁷, **Carlsberg India** and **Keltech Energies**, the Tribunal distinguished **Hyderabad Engineering, IDL Chemicals, Balabhagas Hulaschand, English Electric, Oil India.**

35. The inevitable conclusion, therefore, that follows from the aforesaid discussion is that the transfer of goods from the State of Maharashtra to the Buffer Depots and Satellite Depots in other States is by way stock transfer and cannot be treated as inter-State sale under section 3(a) of the Central Sales Tax Act.

36. In so far as CST Appeal No. 13 of 2015 is concerned which arises out of VAT Appeal No. 423 of 2013, the impugned order has discarded Form F submitted by the appellant for minor procedural defects like non mention of the lorry receipt number and vehicle details. It is seen that the

27. **CST Appeal No. 13 of 2017 decided on 11.07.2025 (Tri.-Del.)**

appellant was in the possession of the lorry receipts which constitute valid proof of dispatch for the purposes of section 6A of the Central Sales Tax Act and the impugned order itself records. Form F, therefore, in such circumstance could not have been rejected merely on account of minor procedural lapses like non mention of the lorry receipt number and vehicle details. These particulars were contained in the lorry receipts.

37. The contention of the learned counsel for the State of Maharashtra and the State of Assam has supported the claim of State of Maharashtra is not correct. The affidavit filed by the State of Assam does not so reveal and in any case the State of Assam had not received any stock transfer from the State of Maharashtra.

38. Thus, for all the reasons stated above, the impugned order dated 15.12.2014 passed by the Maharashtra Sales Tax Tribunal in VAT Appeal No. 59 of 2011 and VAT Appeal No. 423 of 2013 is set aside and CST Appeal No. 12 of 2015 and CST Appeal No. 13 of 2015 are allowed.

(Order pronounced on **22.05.2026**)

(JUSTICE DILIP GUPTA)
PRESIDENT

(P.V. SUBBA RAO)
MEMBER (TECHNICAL)