

AUTHORITY FOR ADVANCE RULING, TAMIL NADU
No.207, 2nd FLOOR, PAPJM BUILDING, No.1, GREAMS ROAD,
CHENNAI 600 006.

ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 AND
UNDER SECTION 98(4) OF THE TNGST ACT, 2017

Members present:

Shri Balakrishna S, I.R.S., Additional Commissioner/Member (CGST), Office of the Commissioner of GST and Central Excise, Audit II Commissionerate, Chennai - 600 034.	Shri B.Suseel Kumar, B.E., MBA., Joint Commissioner/Member (SGST), Authority for Advance Ruling, Tamil Nadu, Chennai - 600 006.
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Advance Ruling No. 08/ARA/2025 Dated 20.03.2025

1. Any appeal against this Advance Ruling order shall lie before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-Section (1) of Section 100 of CGST Act 2017/ TNGST Act 2017, within 30 days from the date on which the ruling sought to be appealed, is communicated.

2. In terms of Section 103(1) of the Act, Advance Ruling pronounced by the Authority under Chapter XVII of the Act shall be binding only-

(a) on the applicant who had sought it in respect of any matter referred to in sub-section (2) of Section 97 for advance ruling.

(b) on the concerned officer or the jurisdictional officer in respect of the applicant.

3. In terms of Section 103(2) of the Act, this advance ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed.

4. Advance Ruling obtained by the applicant by fraud or suppression of material facts or misrepresentation of facts, shall render such ruling to be void ab initio in accordance with Section 104 of the Act.

5. The provisions of both the Central Goods and Services Tax Act and the Tamil Nadu Goods and Services Tax Act (hereinafter referred to as the 'Act') are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Services Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Services Tax Act.

GSTIN Number, if any / User id	33AADFV6880G1ZZ
Legal Name of Applicant	M/s. V K Samy Biscuits & Confectioneries
Trade Name of Applicant (Optional)	M/s. V K Samy
Registered Address/ Address provided while obtaining user id	298/1A, VKS Building, Peraiyur Road, Usilampatti, Madurai – 625 532.
Details of Application	Application Form GST ARA – 01 received on 10.05.2024.
Concerned Officer	State : Madurai Division, Madurai Rural (West) Assessment Circle. Center: Madurai Commissionerate, Thirumangalam Range.
Nature of activity(s) (proposed / present) in respect of which advance ruling sought for A. Category B. Description (in brief)	Manufacturer The applicant is engaged in the manufacture of Maida Pappad which is made by mixing the ingredients in required proportion to create a dough, which is cut into desirable shapes and then dried in the oven. The resultant product cannot be consumed as such, and is required to be fried in oil to make it palatable. The application seeks a ruling on the classification of Maida pappad.
Issue/s on which advance ruling Required	Classification of any goods or services or both.
Question(s) on which the advance ruling is required	What is the CGST/SGST rate applicable for outward supply of Maida Pappad whose manufacturing purpose is sheeting the dough and cutting the sheet with knife?

M/s. V K Samy Biscuits & Confectioneries, located at 3rd floor, 298/1A, VKS Building, Peraiyur Road, Usilampatti, Madurai - 625532 (hereinafter called as 'the Applicant') are registered under the GST Acts with GSTIN 33AADFV6880G1ZZ. The applicant is engaged in the manufacture of 'Maida Pappad'. The production process involves using Maida, small quantities of sugar, and oil as primary ingredients. These ingredients are mixed to form a sheet of dough, which is subsequently cut into the required shapes. The formed dough is then dried in the oven, and the finished product is packaged in 10 Kg packs. The product in this form is not ready for consumption and it requires frying in oil and the addition of flavours to render it edible. The Applicant has made a payment of Rs.5,000/- each under sub-rule (1) of Rule 104 of CGST Rules, 2017 and TNGST Rules, 2017, vide CIN IBIDC24043300618476 dated 30.04.2024, towards the application fees payable.

2.1 Under the 'Statement of relevant facts having a bearing on the question raised' as in column No.15 of the Application furnished by the Applicant, it has been stated as follows :-

"Maida pappad is made with ingredients such as Wheat Flavour, Added Sugar (10%) & Vanaspati (2%) for better crispness, Edible Salt and added soda salt for taste and texture. Proper mixture of the above is made and the same is cut in desirable shapes and dried in oven.

Under Circular No.200/12/2023-GST dated 01.08.2023 Government of India has clarified as follows: Supply of uncooked/un-fried extruded snack pellets, by whatever name called, falling under CTH 1905 will attract GST rate of 5% vide S.No.99B of Schedule I of Notification No.1/2017-Central Tax (Rate), dated the 28th June, 2017 with effect from 27th July 2023. Extruded snack pellets in ready-to-eat form will continue to attract 18% GST under S.No.16 of Schedule III of Notification No.1/2017-Central Tax (Rate), dated the 28th June, 2017".

The manufacturing process of Maida pappad is as follows

The required ingredients are mixed in a required proportion and is made into dough (similar to dough used for making chappathis). This is in fact made in the form of small chappathis and dried in the oven. This cannot be consumed as such and will have some moisture content. This is fried in Oil to make it palatable.

Extrusion process defined."

2.2 On interpretation of law, the applicant stated that it is not disputed that the HSN code of Pappad is CTH 1905, and that the manufacturing process of pappad is not extrusion and hence the same is not liable to tax at 5% in view of the Circular No.200/12/2023-GST dated 01.08.2023.

3.1 The applicant is under the administrative control of State Tax Authority. The concerned Authorities of the State and Centre were addressed to report the detailed remarks and no pendency report on the questions raised by the applicant in their ARA application.

3.2 The State Authority, i.e., the Joint Commissioner (ST)(Intelligence), vide their letter dated 24.06.2024 stated that no proceeding is pending in respect of the applicant. Further, the State Tax Officer, Madurai Rural West Assessment Circle vide their letter dated 10.07.2024 stated that on analysing the issue in the background of various advance rulings along with the impugned Circular No.200/12/2023-GST dated 01.08.2023, the product of the applicant will not come under the classification of 'Papad' but will fall under the category of un-fried or uncooked snack pellets, since it is being processed through Extrusion and does not meet the characteristics of Maida Papad, and in their view, the applicable rate of tax for the above product of the applicant would be 5%. Regarding the pending proceedings, they stated that a Show Cause Notice (IIT) is pending to be concluded by the Deputy State Officer-1 on a different issue relating to non-reversal of ITC on exempted supplies.

3.3 The Central Authority, i.e., Madurai Commissionerate, vide their letter dated 08.07.2024 has stated that there are no proceedings pending on the issue raised by the applicant.

PERSONAL HEARING

4.1 Shri R. Vaidhyathan, Chartered Accountant appeared for the personal hearing on 28.01.2025 as the authorized representative (AR) of M/s. V.K. Samy Biscuits and Confectioneries. He stated that the applicant is the manufacturer of 'Maida Pappad' and that the process in the instant case, involves combining various ingredients to form a dough sheet, which is subsequently cut into the required shapes, dried and packed. He further stated that the product in this form is not ready for consumption and it requires frying in oil and addition of flavours to render it edible. He stated the product in question is classifiable under tariff heading 1905 90 40 which is exempted by virtue of entry No.96 of Notification No.02/2017-CT (Rate) dated 28.06.2017. The AR further stated that the ruling passed by the AAR, Tamilnadu, on a similar issue vide Order No.7/AAR/2019 dated 22.01.2019 in the case of M/s. Subramani Sumathi, supports their contention in this regard.

4.2 The AR then invited the attention of the Members to CBIC Circular No.200/12/2023-GST dated 01.08.2023, where under point No.2, it has been clarified that with effect from 27.07.2023, supply of un-cooked/un-fried extruded snack pellets, by whatever name called, falling under CTH 1905 would attract GST at the rate of 5%, by way of insertion of entry S.No.99B of Schedule I to Notification No.01/2017-CT (Rate) dated 28.07.2017.

4.3 He however explained that the product in the instant case would still remain under exemption, since the process of making the same is through 'Sheeting and Shaping process' which involves creating a continuous sheet of dough, which is then cut, stamped or molded into specific shapes, and not through the 'Extrusion process' that involves making something by forcing the material through a specially designed opening. The AR then filed certain additional submissions, enclosing the bill copy, manufacturing process, etc., and stated that he has nothing more to add.

DISCUSSION AND FINDINGS

5.1 We have carefully considered the submissions made by the Applicant in their application, copies of the relevant documents furnished by them, the submissions made during the personal hearing, and the comments furnished by the jurisdictional tax officers.

5.2 From the submissions made at the time of filing the application, it is seen that the applicant has sought an advance ruling, on the following question, viz.,

"What is the CGST/SGST rate applicable for outward supply of Maida Pappad whose manufacturing purpose is sheeting the dough and cutting the sheet with knife?"

We observe that the aforesaid question gets covered under 97(2)(a) of the CGST Act, 2017, i.e., "classification of any goods or services or both", and accordingly, the said application is liable for admission.

5.3 On perusal of the submissions made, documents produced, and photographs of the manufacturing process, furnished by the applicant, it is seen that the applicant claims to have been engaged in the manufacture of 'Maida Pappad' and from the sample copy of the Invoice No.467-24-25 dated 18.12.2024, the same is seen to have been classified under the HSN 1905 90 40, wherein GST at the rate of 5% (CGST - 2.5% and SGST - 2.5%) is seen to have been charged.

5.4 To begin with, we take note of the fact that 'Pappad' is exempt from GST by virtue of entry No.96 of Notification No.2/2017-CT (Rate) dated 28.06.2017, which is reproduced below :-

S.No	Chapter heading	Description of Goods
96.	1905	Pappad, by whatever name it is known, except when served for consumption.

It therefore becomes clear that 'Pappad', by whatever name it is known, is exempt from payment of GST except when served for consumption as it is. That is to say, any form of Pappad which is required to be cooked/fried before consumption, falls under this exemption category.

5.5 We also take note of the fact that the CBIC, in para 2 of its Circular No.200/12/2023-GST dated 01.08.2023, has clarified as follows :-

"2. Applicability of GST on un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion:

2.1 In the 48th meeting of the GST Council, it was clarified that the snack pellets (such as 'fryums'), which are manufactured through the process of extrusion, are appropriately classifiable under tariff item 1905 90 30, which covers goods with description 'Extruded or expanded products, savoury or salted', and thereby attract GST at the rate of 18% vide S. No. 16 of Schedule-III of notification no. 1/2017-Central Tax (Rate), dated the 28th June, 2017.

2.2 In view of the recommendation of the GST Council in the 50th meeting, supply of un-cooked/un-fried extruded snack pellets, by whatever name called, falling under CTH 1905 will attract GST rate of 5% vide S. No. 99B of Schedule I of notification no. 1/2017-Central Tax (Rate), dated the 28th June,

2017 with effect from 27th July, 2023. Extruded snack pellets in ready- to-eat form will continue to attract 18% GST under S. No. 16 of Schedule III of notification no. 1/2017-Central Tax (Rate), dated the 28th June, 2017.

2.2 Further, in view of the prevailing genuine doubts regarding the applicability of GST rate on the un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion, the issue for past period upto 27.7.2023 is hereby regularized on "as is" basis."

It is seen that the above said insertion of S.No.99B, as reproduced below, has been effected through Notification No.09/2023-CT (Rate) dated 26.07.2023, by way of amending Notification No.1/2017-CT (Rate) dated 28.06.2017 :-

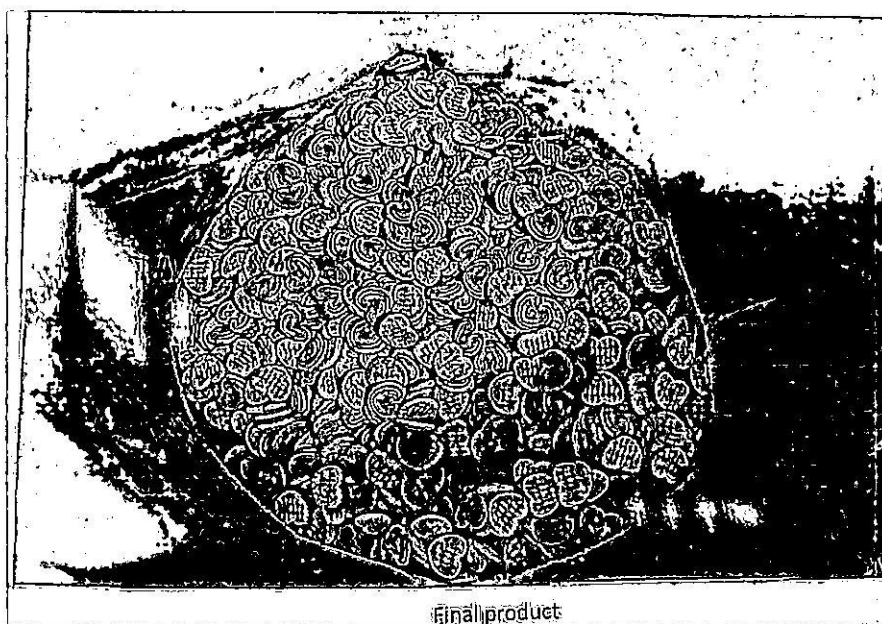
(1)	(2)	(3)
"99B.	1905	Un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion.

Whereby it becomes clear that snack pellets in un-fried or un-cooked form, when manufactured through the process of extrusion, gets covered under this category, attracting GST at 5% (Schedule I). It has been clarified further under the said circular that Extruded Snack Pellets in 'ready-to-eat' form will continue to attract GST at 18% (Schedule III). At this juncture, we are of the opinion that two key aspects merit consideration and analysis in the instant case, viz.,

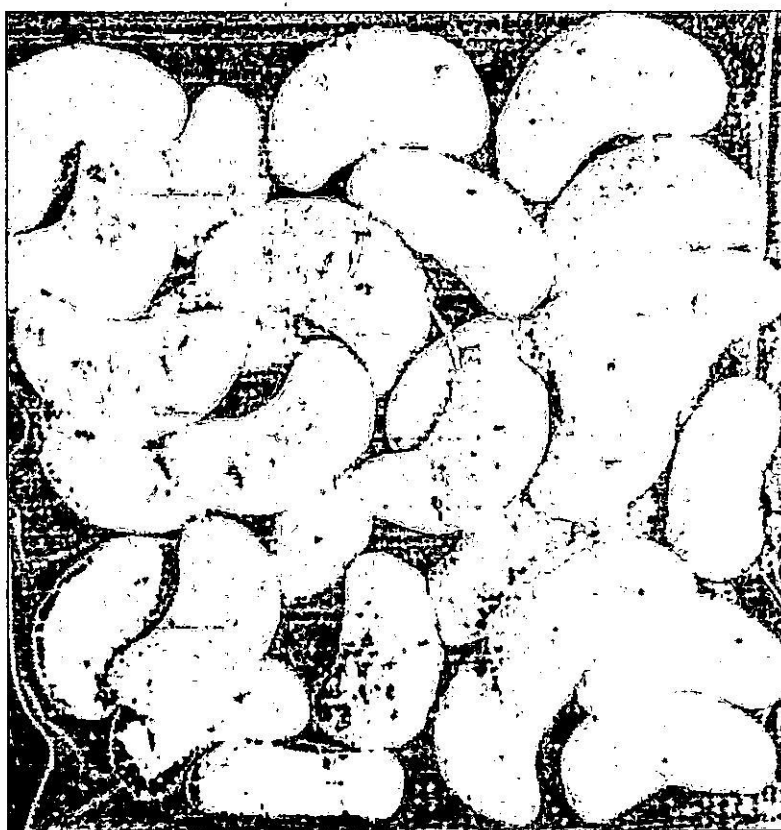
- (i) Whether the product of the applicant is a 'Pappad?', and
- (ii) Whether the manufacturing process involved in the instant case involves the process of 'Extrusion'?

5.6.1 The word 'Papad' or 'Pappad' is not defined or clarified under the Customs Tariff Act or under the GST Acts. It is a well settled principle of interpretation, that the word not defined in the statute should be construed in that sense/meaning as understood in common language, and in which the people conversant with the subject matter would attribute to it characteristics. Accordingly, 'Papad', is commonly understood as a thin, crisp Indian food item that is made from ground lentils, and which is eaten after being roasted or deep fried in oil.

5.6.2 Further, the main ingredient of Papad is batter of pulses/lentils, i.e., Urad dal, Moong dal, etc. However, in the instant case, 'Maida' is the main ingredient as admitted by the applicant themselves, and the final product, viz., 'Maida Papad' looks like a biscuit in the shape of a heart, as in the image furnished by the applicant during the personal hearing held on 28.01.2025, which is attached below :-



Further, the samples which were in the shape and texture of a cashew nut, were shown physically by the AR during the personal hearing held on 28.01.2025, as in the image below :-



5.6.3 Both the samples produced by the applicant indicate the fact that the products look bulged and bloated, like baked products, and by no means they can be stated to be wafer-thin products like papads, as seen and known in common parlance. This is due to the fact that once the required shapes are carved out of the dough, they are reportedly passed through a dryer machine to get rid of the moisture content during which process, the product gets transformed into a puffed-up bloated material, whereby the size of the product increases and the texture of the product undergoes a noticeable change, creating the impression of a baked product.

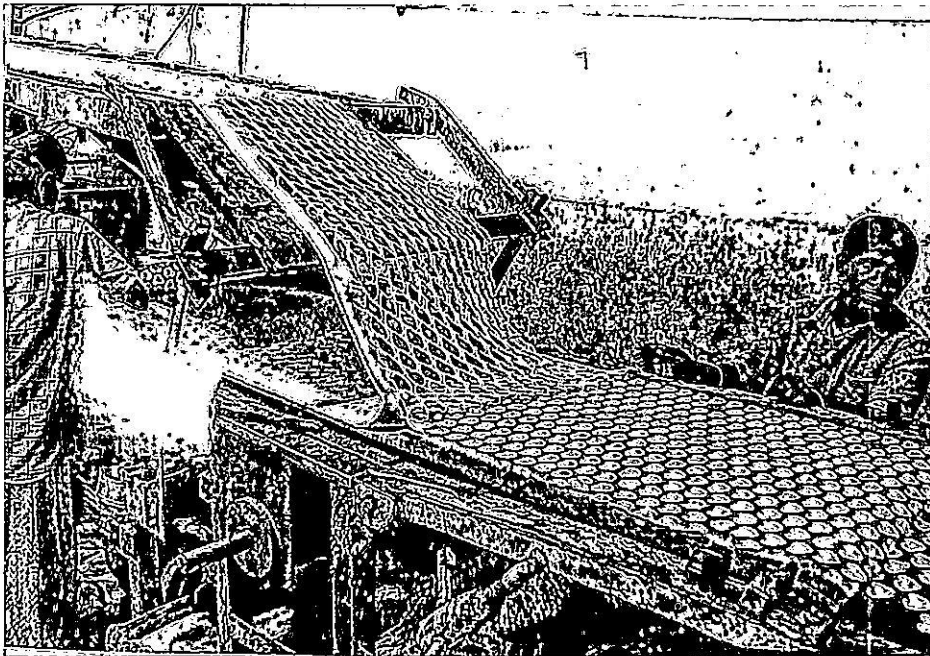
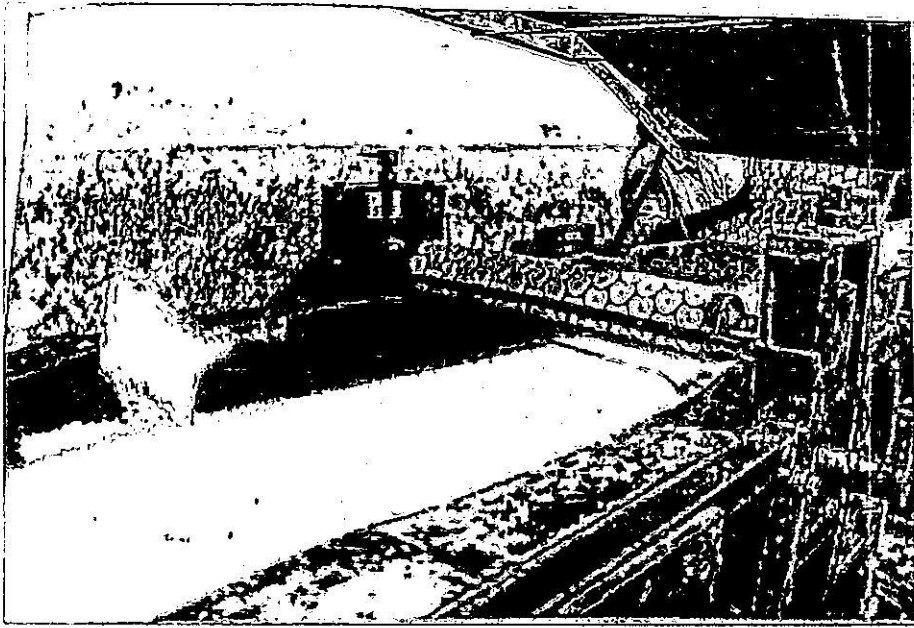
5.6.4 On the other hand, the product 'Papad', as is known common parlance, also has to be undergo the process of drying to reduce the moisture content. However in this case, whether it is sun-dried or machine-dried, the output retains the same wafer-thin size as it appeared earlier, before the process of drying. This difference may be due to the fact that while the products manufactured by the applicant are dried completely, the product 'Papad' is required to retain a portion of the moisture content, normally 12 to 16 percent, in order to retain its shape and texture. This is also due to the reason that the product popularly known as 'Papad' is normally made of lentils/pulses, whereas the product in this case of the applicant contains 'Maida' as its main ingredient, and such products are not known by the name of 'Papad' in common parlance.

5.7.1 Moving on to the other aspect as to whether the manufacturing process involved in the instant case involves the process of 'Extrusion' or not, we note that the applicant has contended through the additional submissions made during the personal hearing on 28.01.2025, that the process involved in their case is not extrusion. To this effect, they have adduced the various dictionary meanings, viz.,

- (i) Oxford Learner's – The act of forcing or pushing something out of something else. It can also refer to the product that has been forced out.
- (ii) Black's – The process of shaping material by forcing it through a die.
- (iii) Merriam Webster's – A process that is used to create object of a fixed cross-sectional profile by pushing the material through a specially designed opening.
- (iv) Cambridge – The action of making something by forcing it through a specially shaped opening, often used in manufacturing process.

The applicant has further stated the process involved in their case is 'Sheeting and Shaping Process', whereby the process involves creating a continuous sheet of dough, which is then cut, stamped, or molded into specific shapes, and which is commonly used for products like biscuits, cookies, crackers, and certain snack foods.

5.7.2 The images as produced by the applicant in the additional submissions made are displayed below, for a better understanding of the process involved, i.e.,



The above referred images convey the fact that when the sheet of dough is passed or pushed through the two rollers, specific shapes are formed depending upon the blades/designs engraved or attached to either of the rollers. Accordingly, the plain sheet of dough when passed through this opening, comes out as products of desired shapes and sizes, alongwith the residual dough which is normally reused. In our opinion, this process amounts to obtaining products of desired shapes through the process of extrusion, as the dough comes out in a different form/shape, when passed through a roller or a die, which attains an expanded form when dried further. This aspect is corroborated under the 'Steps in the Extrusion Process' as in para 9 of the additional submissions made, wherein step 4 as reproduced below, reads as,

"4. Shaping (Extrusion):

- The cooked mixture is forced through a die, which imparts a specific shape (e.g., rings, stars, tubes).
- As the material exits the die, the sudden drop in pressure causes water to evaporate, resulting in expansion or puffing of the product (in the case of snacks or cereals)."

It therefore becomes clear that the process of manufacture of the impugned goods by the applicant in the instant case, very much includes the process of 'Extrusion'.

5.8 Accordingly, once it is held that the so called 'Maida Papad' being discussed in the instant case of the applicant, are obtained through the process of extrusion, and as the said products as known in common parlance do not fall under the category of 'Papad', by any means whatsoever, it becomes imperative to classify the said product in order to ascertain the appropriate taxes under GST payable, if any, by the applicant.

5.9 It is seen that under the Tariff heading 1905, the following sub-headings merits consideration in the instant case, viz.,

1905 90 30 --- **Extruded** or **expanded** products, **savoury** or salted

1905 90 40 --- **Papad**

Once it is held already that the impugned product of the applicant does not fall into the category of 'Papad', the prospects of classifying the same under chapter sub-heading 1905 90 30 gains importance. The said entry includes extruded products, or expanded products which applies to the instant case. We are of the opinion that it also gets covered as a '**savoury**' item, which is known to be a food or dish that is salty or spicy and not sweet in taste.

5.10 We note that the applicant has indicated that the reason for raising this application for advance ruling, is the clarification issued by the CBIC in its Circular No.200/12/2023-GST dated 01.08.2023, where under point No.2, it has been clarified that with effect from 27.07.2023, supply of un-cooked/un-fried extruded snack pellets, by whatever name called, falling under CTH 1905 would attract GST at the rate of 5%, by way of insertion of entry S.No.99B of Schedule I to Notification No.01/2017-CT (Rate) dated 28.07.2017. The said entry reads as,

(1)	(2)	(3)
"99B.	1905	<u>Un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion.</u>

It is seen from the said entry that 'Snack Pellets', by whatever name called, which are un-fried or un-cooked, and which are manufactured through the process of extrusion, shall fall under this category. A "snack pellet" as it is known in common parlance, is a small, semi-finished, compressed piece of food that can be further

processed into a variety of snack products like chips, puffs, or crackers through frying, baking, or extrusion. We are therefore of the opinion that the impugned product of the applicant ideally fall under the category of snack pellets, which are un-fried or un-cooked as admitted by the applicant, and that the same cannot be considered as a 'Papad' at all. Further, as the product is obtained through the process of 'Extrusion', it perfectly fits into the entry No.99B to Schedule I of Notification No.1/2017-Central Tax (Rate) dated 28.06.2017, which was inserted with effect from 27.07.2023, by way of issue of the amendment Notification No.09/2023-Central Tax (Rate) dated 26.07.2023.

5.11 In this regard, we find that paras 2.1 and 2.2 of Circular No.200/12/2023-GST dated 01.08.2023, clarifies the position beyond doubt, and the same is reproduced below for facilitation :-

*"2.1 In the 48th meeting of the GST Council, it was clarified that the **snack pellets** (such as 'fryums'), which are manufactured through the process of extrusion, are appropriately classifiable under tariff item 1905 90 30, which covers goods with description 'Extruded or expanded products, savoury or salted', and thereby attract GST at the rate of 18% vide S. No. 16 of Schedule-III of notification no. 1/2017-Central Tax (Rate), dated the 28th June, 2017.*

2.2 In view of the recommendation of the GST Council in the 50th meeting, supply of un-cooked/un-fried extruded snack pellets, by whatever name called, falling under CTH 1905 will attract GST rate of 5% vide S. No. 99B of Schedule I of notification no. 1/2017-Central Tax (Rate), dated the 28th June, 2017 with effect from 27th July, 2023. Extruded snack pellets in ready- to-eat form will continue to attract 18% GST under S. No. 16 to Schedule III of notification no. 1/2017-Central Tax (Rate), dated the 28th June, 2017."

5.12 Under the facts and circumstances of the instant case, we are of the considered opinion that the impugned product, referred to as 'Maida Pappad', by the applicant are nothing but un-cooked/un-fried snack pellets, obtained through the process of extrusion, and as such they merit classification under chapter sub-heading 1905 90 30 of the Tariff. Further, by virtue of insertion of entry S.No.99B to Schedule I to Notification No.01/2017-CT (Rate) dated 28.06.2017, through the amendment Notification No.09/2023-Central Tax (Rate) dated 26.07.2023, they become liable to tax at the rate of 5% under GST (CGST - 2.5% and SGST - 2.5%), with effect from 27.07.2023 onwards.

5.13 We find that the applicant has stated during the personal hearing that the ruling passed by the AAR, Tamilnadu, on a similar issue in the case of M/s. Subramani Sumathi, vide Order No.7/AAR/2019 dated 22.01.2019, supports their contention. In this regard, it is brought to the notice of the applicant that depending upon the nature of presentation of the facts of the case, the nature of product, the process involved, etc., which differs from one case to another, the advance rulings are always pronounced keeping in mind, the facts and circumstances of the respective cases. Further, it may be noted that Section 95(a) of the CGST Act, 2017, which defines 'advance ruling', reads as under :-


(a) "advance ruling" means a decision provided by the Authority or the Appellate Authority to an applicant on matters or on questions specified in sub-section (2) of section 97 or sub-section (1) of section 100, in relation to the supply of goods or services or both being undertaken or proposed to be undertaken by the applicant;

whereby, it becomes clear that 'advance rulings' are applicant-specific and it applies only to the applicants concerned, and are not to be applied in general. Accordingly, the ruling referred by the applicant do not come to their aid.


6. In view of the detailed discussions supra, we rule as under :-

RULING

The product, 'Maida Pappad' as referred to by the applicant in the instant case, are nothing but un-cooked/un-fried snack pellets, obtained through the process of extrusion, and that the same is liable to tax at the rate of 5% under GST (CGST - 2.5% and SGST - 2.5%), with effect from 27.07.2023 onwards, in view of entry S.No.99B of Schedule I to Notification No.01/2017-CT (Rate) dated 28.06.2017.


(B. SUSEEL KUMAR)
Member (SGST)




(BALAKRISHNA S.)
Member (CGST)

To
M/s. V K Samy Biscuits & Confectioneries,
3rd floor, 298/1A, VKS Building,
Peraiyur Road, Usilampatti, Madurai - 625 532.
(By RPAD)

Copy submitted to:

1. The Principal Chief Commissioner of GST & Central Excise,
26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600 034.
2. The Commissioner of Commercial Taxes,
2nd Floor, Ezhilagam, Chepauk, Chennai - 600 005.
3. The Commissioner of GST & Central Excise,
Madurai CGST Commissionerate.

Copy to:

1. The Assistant Commissioner (ST),
Madurai Rural (West) Assessment Circle,
1 st Floor, Commercial Taxes Building,
Dr. Dhanganaraj Salai, K K Nagar, Madurai - 20.
2. Master File / spare - 1.