

**THE AUTHORITY FOR ADVANCE RULINGS  
IN KARNATAKA  
GOODS AND SERVICES TAX  
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD  
GANDHINAGAR, BENGALURU - 560 009**

**Advance Ruling No. KAR ADRG 20/2025**

**Date : 28-07-2025**

Present:

**1. Sri. Prathap Kumar S**

Additional Commissioner of Commercial Taxes

... Member (State)

**2. Sri. Kalyanam Rajesh Rama Rao**

Additional Commissioner of Customs & Indirect Taxes

... Member (Central)

1.	Name and address of the applicant	M/s. AB MAURI INDIA PRIVATE LIMITED, Plot No.218, 219, Bommasandra Jigani Link Road, Rajapura Hobli, Jigani, Anekal Taluk, Bengaluru - 560105, Karnataka
2.	GSTIN or User ID	29AAECA9923H1ZE
3.	Date of filing of Form GST ARA-01	04-08-2023
4.	Represented by	Sri. Sumeet Khurana, C.A., & Authorised Representative
5.	Jurisdictional Authority - Centre	The Principal Commissioner of Central Tax, Bangalore South Commissionerate, Bengaluru. (Range-ASD8)
6.	<b>Jurisdictional Authority - State</b>	ACCT, LGSTO-27, Koramangala, Bengaluru-47.
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act & Rs.5,000/- under KGST Act through debit from Electronic Cash Ledger vide reference No. DC2907230409739 dated 27.07.2023.

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017  
& UNDER SECTION 98(4) OF THE KGST ACT, 2017**

M/s. AB Mouri India Private Limited (herein after referred to as 'Applicant'), Plot No.218, 219, Bommasandra Jigani Link Road, Rajapura Hobli, Jigani, Anekal Taluk, Bengaluru - 560105, Karnataka, having GSTIN 29AAECA9923H1ZE, have filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of CGST Rules, 2017 and Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules, 2017, in form GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and KGST Act.



AB Mauri India



2. The applicant stated that they produce and distribute fresh yeast, bakery ingredients, spices and other functional ingredients in India; under the Bakery Ingredients segment, the Applicant *inter alia* manufactures a product 'Cake Gel' which is branded and marketed globally under the brand names 'Rich Cake Gel' and 'Prime Classic Cake Gel', collectively referred to as 'Cake Gel' which is a bakery food additive used in the cake batter to improve the quality of cake such that the cake is broader and fluffier; Cake gel helps in the preparation of superior quality sponge cakes and other rich cakes. The said product helps to give a smooth and uniform crumb texture to the sponge/cake. Further, it provides good batter aeration, stabilizing the batter.

3. In view of the above, the applicant has sought advance ruling in respect of the question "What will be the classification of the product 'Cake gel' and the rate of tax applicable on the said product?"

4. **Admissibility of the Application:** The applicant claimed that the question on which advance rulings has been sought is with regard to "classification of goods" which is covered under Sections 97(2)(a) of the CGST Act 2017 and hence the instant application is admissible.

5. **BRIEF FACTS OF THE CASE:** The applicant furnishes the following facts relevant to the issue:

5.1 Cake Gel is produced by mixing of Water, Emulsifiers and Humectants. The ingredients list and its detailed source are as under:

**Ingredient list:** Water, Emulsifier [INS 471, 477, 470(i)], Humectants (INS 1520, 422)

SN	Ingredient	Source	INS
1	Water	Natural	NA
2	Emulsifier	Plant	INS 471
3	Emulsifier	Plant	INS 477
4	Emulsifier	Plant	INS 470(i)
5	Humectants	Chemical	INS 1520
6	Humectants	Plant	INS 422

5.2 The emulsifiers used in the manufacture of Cake Gel are plant (vegetable) based oil in nature and not synthetic oil based. The term 'emulsifier' has been defined as follows;

*'an agent that forms or preserves an emulsion, esp any food additive, such as lecithin, that prevents separation of sauces or other processed foods'.*

- Dictionary.com

*'a substance used in food manufacturing which helps to combine liquids of different thicknesses.'*

- Collins Dictionary

From the above meanings, it can be said that emulsion is a mixture of two or more liquids that are normally immiscible (unmixable). We would like to submit that the emulsifiers used in cake gel helps in better mixing of the cake batter.





Emulsifiers act as aerating agents, increasing the cake volume and fluffiness. Additionally, emulsifiers significantly contribute to uniform cake texture, both internal and external, crown softening, and uniform dispersion of air cells within the cake.

5.3 The term 'humectant' has been defined as follows;

*'a substance that absorbs or helps another substance retain moisture, as glycerol'.*

- Dictionary.com

*'a substance added to another substance to keep it moist'.*

- Collins Dictionary

Humectants are used in stabilization of food products and lengthening shelf life through moisture control. The available moisture determines microbial activity, physical properties, sensory properties and the rate of chemical changes, which if not controlled, are the cause of reduced shelf life of the cake. The humectants that are used in the cake gel are obtained from plant based oil and fats. Cake gel is a mixture of multiple compounds, but in finished form, it is not a separately defined organic compound as it cannot be expressed in a chemical structure or formula.

5.4 Currently, the Applicant is classifying the said product under HSN 1517 90 and discharging GST @ 18%. The said products are covered under the following entries of Notification No. 01/2017-IT (R) dated 28 June 2017:

HSN	Product Description	Entry No.	Schedule No.	IGST Rate
1517	Edible mixtures or preparations of vegetable fats or <b>vegetable oils</b> or of fractions of different vegetable fats or vegetable oils of this Chapter, other than edible fats or oils or their fractions of heading 1516	89	I	5%
1517	Edible mixtures or preparations of animal fats or microbial fats or <b>animal oils</b> or microbial oils or of fractions of different animal fats or microbial fats or animal oils or microbial oils of this Chapter, other than edible fats or oils or their fractions of heading 1516	26	II	12%
151710	All goods i.e. Margarine, Linosyn	6	III	18%

While the applicable rate for a vegetable oil based mixture or preparation is 5% as per the above, on a conservative basis, the applicant has been paying GST @ 18% on supply of Cake Gel. Considering that there are other competitive entries for classification of the said product, the applicant is hereby making this advance ruling application for seeking the correct classification for Cake gel and the applicable GST rate.

6. **Applicant's Interpretation of Law:** The applicant furnished their interpretation of law inter alia stating as under:





6.1 It is relevant to note that the rules of interpretation of the First Schedule to the Customs Tariff Act, 1975, including the Section and the Chapter Notes and the General Explanatory Notes of the First Schedule shall apply for classification of goods under GST in terms of explanation appended to Notification No.1/2017-IT (R) and 2/2017-IT(R), both dated 28 June 2017.

6.2 The product 'Cake Gel' has not been defined under the Customs Tariff Act, 1975. It is a settled law that where any term or expression has been defined in the enactment, then it must be understood in the sense in which it is so defined. But in the absence of the definition in the enactment, the meaning of the term as understood in common parlance or commercial parlance has to be adopted *viz.*, in the sense how that expression is used every day by those who use or deal with those goods. The said view finds support in the case of **Collector of Central Excise Kanpur versus Krishna Carbon Paper Co (1989-72-STC-280-SC) and Ramavatar Budiaprasad v Asst. Sales Tax Officer [1961 (12) STC 286 (SC)]**.

6.3 Competitive Tariff Headings, under which Cake Gels may be classified are as under:

- **19012000:** Mixes and doughs for the preparation of bakers' wares of heading 1905;
- **19059090:** Pastry, cakes, biscuits and other bakers' wares - Other;
- **21069099:** Food Preparations not elsewhere specified or included - Other;
- **29157090:** Palmitic acid, stearic acid, their salts and esters - Other
- **15179090:** Margarine: Edible mixture or preparations of Animal or Vegetable fats or oils or fractions of different fats or oils of this chapter, other than edible fats or oils or their fractions of heading 1516.

Applicable GST rates on the above are tabulated hereunder:

HSN	Product Description	Entry No.	Schedule No.	IGST Rate
19012000	Mixes and doughs for the preparation of bread, pastry and other baker's wares	96	I	5%
19059090	Pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products [other than pizza bread, khakhra, plain chapatti or roti, bread, rusks, toasted bread and similar toasted products]	16	III	18%
21069099	Food preparations not elsewhere specified or included [other than roasted gram, sweetmeats, batters including idli/dosa batter, namkeens, bhujia, mixture, chabena and similar edible preparations in ready for consumption form, khakhra, chutney powder, diabetic foods]	23	III	18%
29157090	All organic chemicals other than giberellic acid	40	III	18%
15179090	Edible mixtures or preparations of vegetable fats or <b>vegetable oils</b> or of fractions of different vegetable	89	I	5%





HSN	Product Description	Entry No.	Schedule No.	IGST Rate
	fats or vegetable oils of this Chapter, other than edible fats or oils or their fractions of heading 1516			
	Edible mixtures or preparations of animal fats or microbial fats or <b>animal oils</b> or microbial oils or of fractions of different animal fats or microbial fats or animal oils or microbial oils of this Chapter, other than edible fats or oils or their fractions of heading 1516	26	II	12%
	All goods i.e. Margarine, Linosyn	6	III	18%

6.4 The Applicant has analysed each of the above entries in the context of Cake Gel in the ensuing paras.

**a) Tariff Heading 19012000**

This heading covers 'Mixes and doughs for the preparation of bakers' wares of heading 1905'. Bakers wares covered under heading 1905 are bread, pastry, cakes, biscuit, etc. The terms mixes and doughs have neither been defined in the Customs Tariff Act nor explained in the chapter or section notes of Chapter 19. Hence, the said terms will have to be understood in their common parlance. Mixes in the context of bakers' wares are dry ingredients to which wet ingredients (water, milk, oil, butter, eggs, etc.) are added to prepare a dough for fine baked goods. Examples of such mixes are cake mix, flour confectionery mix, pancake mix, pie mix, and waffle mix. Dough is a thick, malleable mixture of flour and liquid, used for preparation of bakers' wares.

While Cake Gel is one of the ingredients used in preparation of better-quality Cakes, the same does not fall under 'Mix or Dough' for preparation of Cakes. Cake gel cannot be construed as a 'mix' since it does not encompass the components required for preparing a finished product but is merely an ingredient in ensuring the better quality of the cake.

As mentioned earlier, cake gel is an improver for cake sponge. It is a gel based improver that provides volume to the cake. It is not an essential ingredient like mixes and doughs but only enhances the quality of the cake. Hence, in the Applicant's view, classifying Cake Gel under tariff heading 19012000 would not be appropriate.

**b) Tariff Heading 19059090**

This heading 1905 covers 'bread, pastry, cakes, biscuit and other bakers' wares whether or not containing cocoa; communion wafers empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products'. These products are generally suitable for immediate consumption and collectively referred to as Baker's wares. It is a general understanding that Baker's wares comprise those products that are manufactured and sold by a Baker (breads, cakes, pastries, biscuits etc.) and are meant for immediate consumption.





However, Cake Gel is merely an active ingredient used to obtain better aeration by building uniform and smooth crumb texture of the sponge, stabilize the batter and add more strength to the baking process. In essence, Cake Gel is one of the optional ingredients for preparation of Cake for preparing a superior quality cake and not it is not cake in itself. Cake Gel by itself is not readily consumable and thus cannot qualify as 'Baker's Wares'. Hence, in the Applicant's view, classifying Cake Gel under tariff heading 19059090 would not be appropriate.

**c) Tariff heading 21069099**

The heading 2106 covers 'food preparations not elsewhere specified or included'. As per Note 5(b) to the chapter 21 'preparations for use, either directly or after processing (such as cooking, dissolving or boiling in water, milk or other liquids), for human consumption' shall be covered under this heading. However, it is to be noted that Cake Gel is not a food preparation which can be consumed directly or be consumed after processing like cooking dissolving or boiling in water, milk or other liquids. To reiterate, Cake Gel is one of the optional ingredients for preparation of Cake for preparing a superior quality cake and not a food preparation for human consumption.

The Applicant would like to refer to the case of Helios Food Improvers Pvt. Ltd. Vs Commissioner of C. Ex., [Pune-II 2006 (199) E.L.T 761 (Tri. - Mumbai)], wherein it was observed that an article which is unpalatable and which no reasonable person would think of consuming directly and which by itself does not enter into the composition of anything which is immediately edible cannot be regarded as food. Inasmuch as Chapter 21 covers edible preparations, their products cannot be held to be classifiable under Chapter 21.

Further, as per the general rules of interpretation, if a specific description is available, then the specific description shall prevail over general description. Tariff heading 21069099 'food preparations not elsewhere specified or included' is a residual category and can only be used in the absence of a specific description. In this regard, reliance is placed on the decision of Dunlop India Ltd. and Madras Rubber Factory Ltd. v. Union of India and others [1983 (13) E.L.T. 1566 (S.C.)], wherein it was observed as follows;

*"When an article has, by all standards, a reasonable claim to be classified under an enumerated item in the Tariff Schedule, it will be against the very principle of classification to deny it the parentage and consign it to an orphanage of the residuary clause."*

Similarly, in Bharat Forge and Press Industries (P) Ltd. v. CCE, Baroda reported at 1990 (45) E.L.T. 525; the Hon'ble Supreme Court in Para 3, inter alia, observed as under;

*"The question before us is whether the department is right in claiming that the items in question are dutiable under Tariff Entry 68. This, as mentioned already, is the residuary entry and only such goods as cannot be brought under the various specific entries in the*





*tariff should be attempted to be brought under the residuary entry. In other words, unless the department can establish that the goods in question can by no conceivable process of reasoning be brought under any of the tariff items, resort cannot be had to the residuary item."*

In the case of Western India Plywoods Ltd. v. Collector of Customs reported at 2005 (188) E.L.T. 365 the Hon'ble Supreme Court, inter alia, held that; "Application of residuary item only when no other heading expressly or by necessary implication applies." Further, reliance is also placed on the decision in the case of Commissioner of Central Excise v. M/s. Wockhardt Life Sciences Ltd., 2012 (277) E.L.T. 299 (SC) wherein the Hon'ble Supreme Court inter alia, laid down certain principles for classification of goods. The relevant portion is extracted below:

*"A commodity cannot be classified in a residuary entry, in the presence of a specific entry, even if such specific entry requires the product to be understood in the technical sense. A residuary entry can be taken refuge of only in the absence of a specific entry; that is to say, the latter will always prevail over the former"*

The Hon'ble Apex Court in the judgement of Mauri Yeast India Pvt. Ltd., vs. State of U.P. (2008) 14 VST 259 (SC) has held as under:

*"It is now a well-settled principle of law that in interpreting different entries, attempts shall be made to find out as to whether the same answers the description of the contents of the basic entry and only in the event it is not possible to do so, recourse to the residuary entry should be taken by way of last resort."*

Hence, in the Applicant's view, since there are more specific tariff headings as discussed in the ensuing paras, classifying Cake Gel under tariff heading 21069099 would not be appropriate.

#### **d) Tariff heading 29157090**

Heading 2915 seeks to classify 'Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives'. Fatty acid is a carboxylic acid consisting of a hydrocarbon chain and a terminal carboxyl group especially any one of those occurring as esters in fats and oils.

Chapter Note 1(a) to Chapter 29 provides that **'the headings of this chapter apply only to separate chemically defined organic compound, whether or not containing impurities'**. Further, the Chapter notes also provide list of products to be classified under Chapter 29 even when they are not separate chemically defined compounds. However, composition of Cake or the product Cake Gel is not covered under the said exceptions.

The term 'separate chemically defined organic compound' was interpreted by the Special Bench of CEGAT (now CESTAT), New Delhi in the case of Collector of Customs, Bombay versus Atul Products Ltd., Bulsar & Atic Industries Ltd., Valsad





(1985 (20) E.L.T. 147 (Tribunal)), while determining the classification of Naphthalene having M.P. 79.6oC. In the said case, it was held as under:

*'This matter has been complicated by the fact that there is no definition in the Customs Tariff of a separate chemically defined compound. The CCCN defines a **separate chemically defined compound as a single chemical compound of known structure**, which does not contain other substances deliberately added during or after its manufacture (including purification). The definition goes on to explain that a separate chemically defined compound falling under Chapter 29) may contain impurities. Hence Chapter Note 1(a) of Chapter 29 of both the Indian Tariff and the CCCN speak as covering separate chemically defined organic compounds, whether or not containing impurities'.*

It is important to note that Cake Gel is a mixture of multiple compounds like water, emulsifiers and Humectants, but in its finished form, it is not a separately chemically defined compound as a single chemical compound and it cannot be expressed in a chemical structure or formula. Accordingly, Cake Gel would not fall under the ambit of 'separate chemically defined organic compound'. Hence, in the Applicant's view, classifying Cake Gel under tariff heading 29157090 would not be appropriate.

#### **e) Tariff Heading 15179090**

Heading 1517 seeks to cover 'Edible mixture or preparations of Animal, Vegetable or Microbial fats or oils'. Cake Gel is produced by mixing of Water, Emulsifiers and Humectants. Further, the Emulsifiers used in the manufacture of Cake Gel are plant (vegetable) based oil in nature. The terms animal and vegetable fats and oils are defined under Explanatory Notes to HSN at page III-15-2 as follows;

*'With the exception of sperm oil and jojoba oil, animal, vegetable or microbial fats and oils are esters of glycerol with fatty acids (such as palmitic, stearic and oleic acids).*

*They may be either solid or fluid but are all lighter than water. On fairly long exposure to air they become rancid due to hydrolysis and oxidation. When heated they decompose, giving off an acrid, irritant odour. They are all insoluble in water, but completely soluble in diethyl ether, carbon disulphide, carbon tetrachloride, benzene, etc. Castor oil is soluble in alcohol but the other animal, vegetable or microbial fats and oils are only slightly soluble in alcohol. They all leave a persistent greasy stain on paper.'*

Further, in the case of Ipinit Vanaspati Ltd [1997 (92) ELT 656 (Tribunal)], the Hon'ble Tribunal had an occasion to examine the ambit of Chapter 15 vis-à-vis Animal or Vegetable Fats and Oils. It is apposite to extract the relevant extracts from the case:

*'10. I find that the meaning - "Fats and Oils" - as per "A Dictionary of Science" published by the English Language Book Society and Penguin Books - is as under : -*





*"FATS AND OILS Simple liquids consisting of mixtures of various glycerides of fatty acids. Natural organic compounds which occur in plants and animals and serve as storage materials. The distinction between fats and oils (as distinct from mineral oils, which are hydrocarbons) is one of melting point; the term, oil is usually applied to glycerides liquid at 20 degrees Centigrade, the others being termed fats."*

*"OILS: See fats and oils."*

11. That the meaning given to "Fats" and "Oils" in the Webster's New World Dictionary are as under :-

*"fat..... any of various solid or semi-solid oily or greasy materials found in animal tissue and in the seeds of plants, composed of glycerides of fatty acids, soluble in organic solvents, and causing translucent markings on paper. 2. any such substance used in cooking.... 6. Chem. a class of glyceryl esters of fatty acids, insoluble in water."*

*"oil..... any of various kinds of greasy, combustible substances obtained from animal, vegetable, and mineral sources; oils are liquid at ordinary temperatures and soluble in certain organic solvents, as ether, but not in water;"*

12. According to "Advanced Organic Chemistry" written by Bhal & Bhal Page No. 650 and I.L. Fenner, the two well-known authors of Organic Chemistry book -

*'Fat and oil are now-a-days used in a very general fashion. Chemically common oils and fats are assortment of saturated triglycerides present in varying ratios. The apparent distinguishing between the two classes of compound is their physical state. At ordinary temperature fats are solid glycerides, while oils are liquids. But a given sample of glycerides (say ghee) may be "fat" in winter and an "oil" in summer. In fact, it would be more advisable to use the term, fat, for both these classes of substances.'*

From the above, it can be culled that 'fats and oils' are:

- Defined by their chemical properties indicating combination of 'esters of glycerol' with 'fatty acids' (examples of such combinations are palmitic, steric and oleic acids)
- When they long exposed to air or heated they change their colour/ odor
- They are all insoluble in water, but completely soluble in diethyl ether, carbon disulphide, carbon tetrachloride, benzene, etc.

Some of the common fats are butter, tallow, lard etc. (animal based); coconut oil, olive oil, peanut oil etc. (vegetable based). Along these lines, Heading 1501 covers pig fats, Heading 1502 covers fats of bovine animals, sheep or goats, Heading 1507 covers soya bean oil, Heading 1508 covers Ground Nut oils, and so on and so forth. Essentially therefore fats and oils, their fractions, of different types (but not chemically modified) are covered by Heading 1501 to 1515. Thereafter Heading 1516 covers fats and oils hydrogenated, inter-esterified, re-esterified or hardened, and Heading 1517 covers preparations of fats and oils covering





processes other than that of Heading 1517. Essentially therefore Chapter covers fats and oils, its fractions whether or not chemically modified form.

Also it is relevant to note that Explanatory Notes clarifies as under:

- Heading 15.07 to 15.15 of the Chapter cover the single (i.e. not mixed with fats or oils of another nature), fixed vegetable or microbial fats and oils mentioned in the headings together with their fractions, whether or not refined, but not chemically modified [page III-15-3]
- These headings (15.05 to 15.15) do not cover edible or inedible mixtures or preparations, or vegetables or microbial fats and oils that have been chemically modified (heading 15.16, 15.17 or 15.18 unless they have the character of products classified elsewhere ..... ) [page III-15-4]

Thus single fats or oils are covered under headings 15.05 to 15.15, whereas mixtures of multiple fats and oils could be covered by Chapter 15.16, 15.17 or 15.18.

The ingredients of Cake Gel i.e. emulsifiers and humectants are glycerides of fatty acids and have other features of fats and oils. Further these products are plant based fats and oils. Accordingly, it can be said that the cake gel being a mixture of fats and oils (plant based) is covered by Heading 1517.

Further, we would also like to refer to a judgement pronounced by CESTAT Mumbai in case of Helios Food Additives Pvt. Ltd. versus Commissioner of C. Excise, Pune-II [2006 (204) E.L.T. 279 (Tri. - Mumbai)], wherein a similar product Cake improver was under consideration for the purpose of classification under the Central Excise Tariff. The composition of the cake improvers was Hydrogenated Vegetable Fat (vanaspati), Vegetable fat based emulsifier, water, processing aids such as propylene glycol, glycerin and potassium hydroxide. 'Helios liquid emulsifier' consists of vegetable oils, glycerin and potassium hydroxide. The competing entries were CTH 1508 and CTH 2108. The Hon'ble Tribunal observed that these products are similar to the description of CTH 1508 i.e. the products contain hydrogenated vegetable oil worked, by emulsification, using a Veg. Fat based emulsifier and small quantities of propylene glycol, glycerin and potassium hydroxide which are used to derive texturation in the form of crystalline structure gel. In order to get an emulsion of water-in-oil type, water is used.

In the above case, the department had contested the classification under CTH 1508 on the ground that such products are not edible (not as such consumable). The Tribunal however held this argument has no force as other categories covered in CTH 1508 are not directly eatable. The Tribunal accepted assessee's submission that Heading 1508 covers edible mixtures or preparations of animal or vegetable fats as well as inedible mixtures or preparations of fats and oils. Accordingly it was held that cake improvers are classifiable under CTH 1508 (akin to 1517).





Relevant extract of the said judgements are reproduced hereunder:

*'(iv) In the course of arguments, it was accepted by both sides, on a question from the Bench, that the products in question were nothing but 'Bakery Shortenings.' If that be so, then Chapter 1517, amply covers shortenings. Merely because the Appellants call their products as 'Cake Improvers', cannot be a reason to classify the products under Heading 2108.88 or 2106.90 HSN...*

*...  
(vi) These group of products have therefore to be classified as per the classification of Bakery Shortenings under Chapter 1508 of CETA, 1985.'*

The Applicant would like to submit that Cake Gel is identical to the product (Cake improver) covered under the judgement of Helios Food Additives (Supra).

Further, the Applicant would like to refer to a judgement pronounced by the Hon'ble Supreme Court in the case of Aluva Sugar Agency vs State of Kerala [ 2011 (9) TMI 11 - SUPREME COURT]. In the said case, the question was whether margarine which was exclusively used as raw-material by bakeries and those who manufacture confectionaries, can be considered as an edible oil or not. The Hon'ble Supreme Court held as under:

*'20. So as to simplify the conclusion, we may say that normally anything which is used for preparation of a food article is edible because ultimately it is being consumed by human beings. Though one may not consume margarine directly or may not use for normal cooking, the fact is that margarine is used for preparing bakery items which are consumed by human beings and, therefore, margarine is also edible. Having around 80% fat, and being in the nature of oil, in our opinion, it should be considered as edible oil.'*

Basis the above, it can be said that the cake gel being used in preparation of cakes is also edible in nature, though not directly, and should fall under the HSN 1517 - 'Edible mixture or preparations of Animal, Vegetable or Microbial fats or oils'. In view of the above analysis and discussion, it can be constructed that the product Cake Gel should be classified under HSN 15179090 - Edible mixture or preparations of Animal or Vegetable fats or oils.

#### **f) Applicable GST Rate**

Considering that Cake gel falls under HSN 15179090, applicable GST rate on the same should be 5% as per Entry No. 89 of Schedule I of the Notification No. 1-2017-IT(R) dated 28 June 2017.

**6.5 Conclusion :** Pursuant to above submissions and also in light of the facts presented, it is humbly submitted before your kind authority that the product Cake gel should be classified under HSN 15179090 as an edible mixture of vegetable oils. Hence, the applicable GST rate should be 5% as per Entry No. 89 of Schedule I of the Notification No. 1-2017-IT(R) dated 28 June 2017.





## PERSONAL HEARING PROCEEDINGS HELD ON 27.06.2025

7. Smt. Amita Ganapathy, Senior Scientist & employee of the applicant company and also Sri. Summet Khurana, CA and Authorised Representative of the applicant appeared for personal hearing proceedings and reiterated the facts narrated in their application.

### FINDINGS & DISCUSSION

8. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in pari-materia and have the same provisions in like matters and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

9. We have considered the submissions made by the applicant in their application for advance ruling. We also considered the issues involved on which advance ruling is sought by the applicant and relevant facts along with the arguments made by the applicant & the submissions made by their learned representative during the time of hearing.

10. The applicant intend to launch their new product 'Cake Gel' which is branded and marketed globally under the brand names 'Rich Cake Gel' and 'Prime Classic Cake Gel', collectively referred to as 'Cake Gel' which is a bakery food additive used in the cake batter to improve the quality of cake such that the cake is broader and fluffier; Cake gel helps in the preparation of superior quality sponge cakes and other rich cakes. The said product helps to give a smooth and uniform crumb texture to the sponge/cake. Further, it provides good batter aeration, stabilizing the batter. Thus the applicant sought advance ruling in respect of the classification of their product and the applicable rate of GST thereon.

11. In view of the foregoing, we proceed to examine the classification of the impugned product. In this regard we invite reference to Explanations (iii) and (iv) appended to the Notification No. 01/2017- Central Tax (Rate), dated 28.06.2017, which are relevant to determination of Classification of a product & are as under:

(iii) "Tariff item", "sub-heading" "heading" and "Chapter" shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

(iv) The rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.

Accordingly we make a reference to the Section Notes and Chapter Notes of the relevant Chapters of the Customs Tariff and also the corresponding





12. The applicant sought advance ruling in respect of classification of their product "Cake Gel" and the applicable rate of GST thereon. The applicant in this regard contends that their product does not merit classification under the competing headings 1901 20 00, 1905 90 90, 2106 90 99, 2915 70 90 but gets covered and under heading 1517 90 90. The applicant while giving various competing classifications to the impugned product contended that the ingredients of Cake Gel i.e. emulsifiers and humectants are glycerides of fatty acids and have other features of fats and oils. Further these products are plant based fats and oils. Accordingly, it can be said that the cake gel being a mixture of fats and oils (plant based) is covered by Heading 1517.

13. We proceed to examine the classification of the impugned product "Cake Gel". It is observed from the Customs Tariff Act 1975, Schedule I that Chapter 15 covers **Animal, vegetable or microbial fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes;** Heading 1517 covers **Margarine; edible mixtures or preparations of animal, vegetable or microbial fats or oils or of fractions of different fats or oils of this Chapter, other than edible fats and oils or their fractions of heading 15.16;** the heading 1517.10 covers *Margarine, excluding liquid margarine* and heading 1517.90 covers *others*.

14. The applicant contends that their product i.e. "Cake Gel" being a preparation of vegetable oils merits classification under heading 1517.90 as others, other than margarine. It is observed that Chapter 15 covers only the preparations of **animal, vegetable or microbial fats or oils or of fractions of different fats or oils** whereas in the instant case, the major ingredients of the impugned product "Cake Gel" are Emulsifiers and Humectants. The Humectants may be derived from vegetable sources (like glycerin from vegetable oils), but they themselves are not vegetable oils or simple mixtures of them. They are chemically distinct ingredients. Emulsifiers are processed compounds, often derived from oils, but chemically distinct. Since the "Cake Gel" is not made from vegetable oils as edible mixtures or preparations of animal, vegetable or microbial fats or oils, it does not merit classification under heading 1517.

15. The impugned product "Cake Gel" is not covered under any specific heading and thus we proceed to examine the appropriate classification for the impugned product and hence we invite reference to the heading 2106. It is observed that Chapter 21 covers **Miscellaneous edible preparations;** the heading 2106 covers **Food preparations not elsewhere specified or included** that contains the following sub headings.

- 2106.10 - Protein concentrates and textured protein substances
- 2106.90 - Others.





The impugned product is neither a protein concentrate nor a textured protein substance and thus it gets excluded from the heading 2106.10. The impugned product "Cake Gel" has not been specified or included elsewhere and thus the same is rightly classifiable under heading 2106.90 and specifically up to 8 digits under heading 2106 90 99.

16. In view of the foregoing, we pass the following


### **RULING**

The product "Cake Gel" merits classification under HSN code 2106 90 99 and thus is exigible to GST @18%, in terms of entry No.23 of Schedule III to the Notification No.1/2017-Central Tax (Rate) dated 28.06.2017, as amended.

  
(Prathap Kumar S)  
Member  
MEMBER

Karnataka Advance Ruling Authority  
Bengaluru - 560 009  
Date: 28-07-2025  
To,

The Applicant

  
(Kalyanam Rajesh Rama Rao)  
Member

MEMBER  
Karnataka Advance Ruling Authority  
Bengaluru - 560 009

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Principal Commissioner of Central Tax, Bangalore South Commissionerate, Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-27, Bengaluru-47.
5. Office Folder.

