

**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 21/2025**

**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. Bhageerathi Foods CTS No. 6675B/28B1, 8 <sup>th</sup> Cross, Vardhman Road, Gadag, Karnataka, 582101.
2.	GSTIN or User ID	29AAQFB3890B1Z9
3.	Date of filing of Form GST ARA-01	19-04-2024
4.	Represented by	Sri. Veeresh S Kandgol, C A & Authorised Representative
5.	Jurisdictional Authority - Centre	The Principal Commissioner of Central Tax, Belagavi Commissionerate, Belagavi.
6.	<b>Jurisdictional Authority - State</b>	ACCT, LGSTO-350, Gadag.
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. DC2904240027660 dated 08.04.2024.

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

M/s. Bhageerathi Foods (herein after referred to as 'Applicant'), CTS No. 6675B/28B1, 8<sup>th</sup> Cross, Vardhman Road, Gadag, Karnataka-582101., having GSTIN 29AAQFB3890B1Z9, 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, KGST Act.



M/s. Bhageerathi Foods



2. The Applicant, registered under Goods and Services Tax having principal place of business at No. CTS No. 6675B/28B1, 8th Cross, Vardhman Road, Gadag, Karnataka, 582101, is into the business of selling of Cereal Grains and prepared foods; proposes to set up a manufacturing unit of processing of maize [Dry Process] to manufacture Corn – Meal, Grits, Flour in first phase of processing, wherein specified particles are sorted and graded in required parameters and unspecified particles are further processed in milling to make it suitable for marketing as Cattle feed.

3. In view of the above, the applicant has sought advance ruling in respect of the following questions:

1) Whether **unspecified particles from all the process of Corn produced out of Proposed manufacture of Grits, Meal, Flour through the process of (i) Pre-cleaning, (ii) Series of Separation grading, and Sieving Operations in Cleaning Section and (iii) De germination, which are further processed in milling,** to make it suitable for marketing as **Cattle feed**, which are supplied for directly feeding to animal (i.e. supply to end user as Cattle Feed/Direct consumption as Cattle Feed) is an exempt supply, vide **S. No. 102** of notification **No 2/2017** central tax (Rate) dated 28-06-2017?

2) The above-mentioned cattle feed, which is ready for direct consumption of Cattles, is also used as cattle feed ingredients by some of our customers of dairy industry for better palatability & higher nutritive value, through the further varying degree of processing in order to customize the colour, size, aroma, nutrition, purity, etc. of cattle feed so produced depending upon the dietary and nutritional requirement of the cattle the budget availability of the customer(s).

Whether such supply of our product which is ready for direct consumption as cattle feed, but used as an ingredient for higher nutritive value is also exempted supply under the above said notification?

3) What are the documents required to be obtained from the customers as a proof for claiming Exemption with respect to said supply of our proposed Cattle feed product used for feeding the Cattle.

4. **Admissibility of the Application** : The applicant claimed that the questions on which advance rulings have been sought are with regard to “Applicability of a notification issued under the provisions of the CGST Act 2017” and “Determination of the liability to pay tax on any goods or services or both”, which are covered under Sections 97(2) & (e) respectively of the CGST Act 2017. It is observed that only the first two questions are with regard to applicability of notification and the third question is not covered under the issues mentioned under Section 97(2) of the CGST Act 2017. Thus only the first two questions, with regard to applicability of a notification issued under the provisions of the CGST Act 2017 to the supply of





goods being provided by the applicant are admissible under Section 97(2)(b) supra and accordingly the instant application is **partially admissible**.

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

5.1 The applicant **proposes to set up a manufacturing unit** of processing of maize [Dry Process] to manufacture Corn – Meal, Grits, Flour in first phase of processing, wherein specified particles are sorted and graded in required parameters and unspecified particles are further processed in milling to make it suitable for marketing as **Cattle feed**.

5.2 The Cattle feed obtained out of milling process is supplied for directly feeding to animal (Ready for direct consumption as cattle feed). Further, it is also be used by others for further processing to manufacture cattle feed by adding certain vitamins/other ingredients to obtain their desired product of cattle feed.

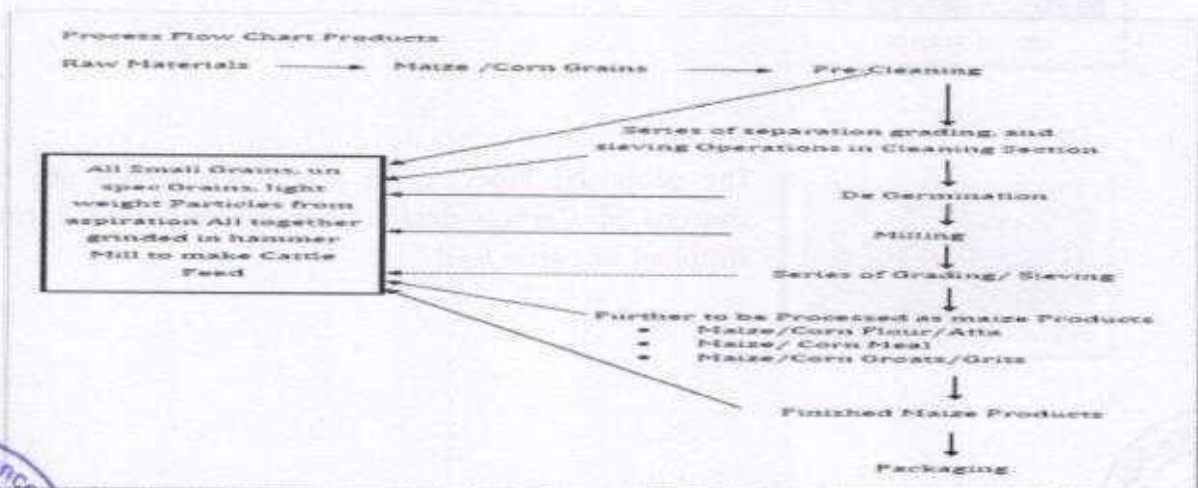
#### **Business Model of the Applicant:**

The applicant is planning for setting up a plant for maize/corn grits/meal/flour manufacturing and take up the business activity of manufacturing maize/corn grits/meal/flour & all the products are separated while **milling** in multiple process viz sieving grading, de germination, aspiration etc. these all-separated products will go to hammer mill and grinded to make it suitable for cattle feed.

#### **Manufacturing Process:**

The proposed activity of the **M/s Bhageerathi Foods** is – Processing of maize [Dry Process] to manufacture Corn – Meal, Grits, Flour in first phase of processing, wherein specified particles are sorted and graded in required parameters and unspecified particles are further processed in milling to make it suitable as Cattle feed.

**Manufacturing Flow Chart:** The following is the Manufacturing Flow Chart:





i. The following are our products in which we deal:



These are the first cut into de-germed corn. They are mainly used for proposed manufacturing Corn flakes and Brewery flakes.



Based on the required corn grit particular size, we propose to use our automated roller mills and plan sifters to support customer needs. These are used primarily in the extruded snack food industry, breakfast cereals, breweries, confectionery, and baking applications etc.



The proposed finest quality of corn grits without flour is made to support the application of specialty snacks. The grits are below 1 mm size to support the extrusion with great efficiency.



The proposed Corn flour is very useful for gluten-free quick bread. It is also used in baking industry, Pasta Making, sausages as starch substitutes, papad making and supplement in cattle feed.



The proposed Fiber, germ and flour, which are best sources of Carbohydrate, fiber, protein and germ is supplied as cattle feed.



## ii. **Cattle Feed:**

There are different systems of **feeding cattle** in animal husbandry, which may have different advantages and disadvantages. There are different types of cattle feed, which are as follows:

- ✓ Grass – feed
- ✓ Corn – feed
- ✓ Barley – feed
- ✓ Flax
- ✓ Other supplements
- ✓ Medicinal and synthetic products

### **Corn – feed:**

Cattle fed called **corn-fed, grain-fed or corn-finished** are typically raised on **maize, Soy** and other types of feed. Some corn-fed cattle are raised in concentrated animal feeding operations known as feed lots.

- iii. There are many Maize / Corn Cattle feed manufacturers who purchase low quality maize from farmers or traders at low price and then process / grind it to manufacture cattle feed.
- iv. In our case we propose to purchase good quality maize out of that we grade it and take best quality for our manufacturing of Corn Grits / Meal / Flour (yellow) production and grains not suitable to above will be separated and processed / grinded together to manufacture cattle feed.
- v. Basically, our proposed product contains a powder of maize. It is naturally procured during manufacturing of the main 3 items, which is further grinded / milled and sold to Customers, who uses it as the following:
  - A. For directly feeding to animals
  - B. Propose to Sell to customer who use our ready to use cattle feed as
    - i. Ingredients for manufacturing cattle feed, or
    - ii. The Customer mixes with other items to our product as he deems fit to make it suitable for animal feed.

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

6.1 The 'Cattle Feed', which is proposed to be processed out of unspecified particles of corn which are not suitable for human consumption. These unspecified particles of corn are procured naturally during the manufacturing process of **unspecified particles of Corn produced out of all the process of manufacture of Corn Grits, Corn Meal, Corn Flour.** The unspecified particles of corn are





further processed by milling to obtain final product 'Cattle Feed', which falls under the head 2302.

6.2 Further it is relevant to note that tariff item 2302, is found at Sr. No. 103A of Schedule-I of Notification No. 1/2017-Central Tax (Rate), dated 28.06.2017 issued under the CGST Act, 2017 which reads as under:

S No	Chapter/Heading/ Subheading/ Tariff Item	Description of Goods
103A	2302	Bran, sharps and <b>other residues</b> , whether or not in the form of pellets, <b>derived from</b> the sifting, <b>milling or other working of cereals</b> or of leguminous plants [ <i>other than</i> aquatic feed including shrimp feed and prawn feed, poultry feed and <b>cattle feed</b> , including grass, hay and straw, supplement and husk of pulses, concentrates and additives, wheat bran and de-oiled cake]";

1. The said entry sl. no. 103A was inserted vide Corrigendum F. No. 354/117/2017-TRU-PT-Central Tax (Rate), dated 12-7-2017 to the Notification No. 1/2017-Central Tax (Rate), dated 28-6-2017 and the products classified under the said tariff entry is chargeable to duty at 2.5% CGST.
2. It is pertinent to note that the **foregoing entry excludes goods** such as aquatic feed including shrimp feed and prawn feed, poultry feed and **cattle feed**, including grass, hay and straw, supplement and husk of pulses, concentrates and additives, wheat bran and de-oiled cake.

6.3 It is to be noted that Sl. No. 102 of the vide notification No. 2/2017 dated 28.06.2017 reads as hereunder:

S No	Chapter/Heading/ Subheading/ Tariff Item	Description of Goods
102	2301, 2302, 2308, 2309	Aquatic feed including shrimp feed and prawn feed, poultry feed and <b>cattle feed</b> , including grass, hay and straw, supplement and husk of pulses, concentrates and additives, wheat bran and de-oiled cake (other than rice-bran)

In view of the foregoing entry, it is clear that the goods excluded under Sl No. 103A of Notification No. 1/2017 Central Tax (Rate) dated 28.06.2017 have been





granted exemption under SI No. 102 of Notification No. 2/2017 CT (Rate) dated 28.06.2017.

In the instant case, the **M/s Bhageerathi Foods**, which proposes to setup a manufacturing unit for manufacturing and processing of unspecified particles of Corn produced out of manufacture of Corn Grits, Corn Meal, Corn Flour from all the process of

- i. Pre-cleaning,
- ii. Series of Separation grading, and Sieving Operations in Cleaning Section, &
- iii. De germination, which are further processed in milling, to make it suitable for marketing as Cattle feed, which are supplied for directly feeding to animal.

For ease of understanding of the changes in the Rate notification and Exemption notification, the statement of sequence of changes in notification is enclosed as **Annexure - 2**

6.4 There is no specified process of Manufacturing cattle feed exists as on day. As per our knowledge, cattle feed is manufactured by many manufacturers by using many raw materials viz Bajara, Maize (Corn), Jawar, Wheat Bran etc. every manufacturer makes cattle feed by his process of manufacturing, some use single raw material and some use multi raw material for manufacturing of cattle feed and some companies make Pallets for cattle feed by their standard process of manufacturing. Thus, all varieties of cattle feed are sold in the market and the user is the same CATTLE FARM.

6.5 Further, different cattle feed is fed to the cattle based on the intent behind feeding it.

- a. If the intent is to obtain "Beef" the feed will be different
- b. If the intent is betterment in milk output, the feed will be different.
- c. If the intent is having better conceiving and feeding during pregnancy period of cattle, the feed pattern is different.

Thus, there is no fixed prescribed watertight definition for cattle feed.

6.6 As we can see human food pattern, it differs from status to status.

- a. Poor - Chai Chapati
- b. Middle Class - Chai - Biscuit / Bakery Bread
- Upper Middle Class - Juice, Fruits, Branded Oats and like products





- d. Rich – Juice, Dry Fruits, Fruits and all rich branded items with vitamins and proteins

Same is the case of cattle feed also. Depending upon the need of the cattle, the feed is selected.

6.7 The term 'cattle feed' has not been defined in the GST statutes. Hence, it is necessary to examine meaning of the term 'cattle feed'. To understand the meaning of the term "cattle feed" following case laws are relied.

- i. *CST Vs Ram Chandra Asa Ram*, (2001) 9 SCC 131 the issue before the Court was whether damaged wheat sold after subjecting the **same to certain process for use as cattle fodder would qualify for exemption under the category 'cattle fodder'**.
- ii. *Glaxo Laboratories (India) Ltd. v. State of Gujarat* reported in [1979] 43 STC 386, the Gujarat High Court relating to examining the applicability of exemption entry.

*"It (the word) has not been defined in the Act and being a word of everyday use it must be construed in its popular sense meaning that sense which people conversant with the subject-matter with which the statute is dealing would attribute to it." (bracketed portion supplied)."*

- iii. *In the case of Omrao Industrial Corporation (Pvt.) Ltd. v. Sales Tax Officer, Kanpur*, [1974] 33 STC 343; 1974 UPTC 26, the High Court held as follows (page 345 of STC):

*"The word 'fodder' has been defined in the Chambers's 20<sup>th</sup> Century Dictionary as 'foods supplied to cattle feed'. Thus, it seems to us, that there is no material difference between 'Cattle fodder' and 'cattle feed'; Anything, which is used as cattle feed, could as well be called cattle fodder within the meaning of the aforesaid notification. In our opinion, the de oiled rice bran was covered by the expression 'cattle fodder' in the aforesaid notification and was, as such, exempt from sales tax."*

- iv. *In the case of a Sree Ramakrishna Cattle-feed Manufacturers v. Commercial Tax Officer, No. 1, Virudhunagar* [1990] 76 STC 10 (Mad) the High Court while examining the issue as to whether cattle feed was manufactured by mixing rice bran, wheat bran, dust of grams mixed with molasses and salt would qualify for exemption from tax, held that such mixtures fall within the ambit of cattle feed and are exempted from the tax.
- v. *In the case of C. Rathinam v. State of Tamil Nadu* reported in [1995] 98 STC 167, the Division Bench of the Madras High Court has held that mixture of





*rice bran/wheat bran, dust of pulses and gram, cholan, ragi and salt falls under the category of cattle feed.*

6.8 The Courts have observed as in below para;

“that on a true and correct interpretation of the words “cattle-feed” and “poultry-feed”, those terms must include not only that food which is supplied to domestic animals or birds as an essential ration for the maintenance of life but also that feed which is supplied over and above the maintenance requirements for growth or fattening and for production purposes, such as for reproduction, for production of milk, eggs, meat, wool or feathers and, in the case of animals, also for efficient output of work.

In modern times, “cattle-feed” and “poultry-feed” include a large variety of concentrates, in addition to roughages, that have a high value because they are rich and easily digested nutrients and feed supplement. Amongst the feeds which are considered essential for the proper nutrition of animals and birds, which are to be kept in a state of efficient production, are included vitamins and, more particularly, vitamins A and D, which have been found to have a profound effect upon live-stock farming by increasing the efficiency of animal production and preventing serious nutritional diseases. Vitamin A, which is required for growth, reproduction, production and even for maintenance and vitamin D, which is needed to enable the animal to assimilate and use other important elements of its feed, are most apt to be lacking in natural live-stock feeds and that they are included as additives in mixed feeds so as to make good the deficiency.

#### 6.9 Interpretation of Exemption Notification

(a) It is settled principle of interpretation that the words used in the provision, imposing taxes or granting exemption should be understood in the same way in which these are understood in ordinary parlance in the area in which the law is in force or by people who ordinarily deal with them. The interpretation of exemption notifications is based on the broad principles of interpretation laid down by various courts. In this regard, attention is invited to the following decision:

1. Hon'ble Supreme Court in the case of UOI vs. Wood Papers Ltd. 1990 (47) ELT 500 (SC) wherein the Hon'ble Court held that there are two stages in interpreting an exemption notification.

1. **First Stage:** To ascertain whether subject falls within the exemption notification that being in nature of exception is to be construed strictly.
2. **Second Stage:** Once the doubt of applicability of exemption notification is ascertained, then the entry of notification warrants for a wider and liberal construction.





II. In the case of *Bombay Chemicals (P) Ltd Vs. CCE*, 1995 (77) ELT 3 (SC) the Hon'ble Supreme Court while examining the issue whether 'disinfectant fluid' falls under the category of 'Insecticides, Pesticides, Weedicides and Fungicides', which was exempt from the duty of excise under Notification No. 55/75-CE, **held that liberal and strict construction of an exemption provision is to be invoked at different stages of interpreting it.**

III. Further, in the case of *AP Steel Re-Rolling Mills Ltd. Vs. State of Kerala*, (2007) 2 SCC 725, it is stated that:

*32. The general principles with regard to construction of exemption notification are not of much dispute. Generally, an exemption notification is to be construed strictly, but once it is found that the entrepreneur fulfils the conditions laid down therein, liberal construction would be made.*

IV. In *Hansraj Gordhandas v. H.H. Dave*, Asst. Collector of Central Excise & Customs, Surat and Ors., 1978 (2) E.L.T. J350 (S.C.), Hon'ble Supreme Court was called upon to interpret an exemption notification issued under the Central Excise Act.

"On a true construction of the language of the notifications, dated July 31, 1959, and April 30, 1960 it is clear that all that is required for claiming exemption is that the cotton fabrics must be produced on power-looms owned by the cooperative society. There is no further requirement under the two notifications that the cotton fabrics must be produced by the Co-operative Society on the power looms "for itself". It is well established that in a taxing statute there is no room for any intendment, but regard must be had to the clear meaning of the words. The entire matter is governed wholly by the language of the notification. If the taxpayer is within the plain terms of the exemption it cannot be denied its benefit by calling in aid any supposed intention of the exempting authority."

V. In *CCEx., Jaipur v Mewar Bartan Nirman Udyog* 2008 (231) ELT 27 (SC) the Hon'ble Supreme Court was examining the eligibility to exemption under notification No. 3/2001-CE dated 1.03.2001, which provides for exemption to all goods other than trimmed or untrimmed sheets or circles of copper intended for use in the manufacture of utensils or handicrafts. An assessee manufacturing brass rings claimed the above exemption, which was denied on the ground that brass is an alloy of copper. **The Supreme Court while allowing the exemption held that while interpreting an exemption notification, one cannot go by the rules of interpretation that are applicable to classification of goods under the Tariff where the clear words in the notification give the benefit.**





From the forgoing decision, the principles of interpreting exemption notification can be summarised hereunder. There are two stages of interpreting exemption notification.

- a) First Stage: To ascertain whether subject falls within the exemption notification that being in nature of exception is to be construed strictly.
- b) Second Stage: Once the doubt of applicability of exemption notification is ascertained, then the entry of notification warrants for a wider and liberal construction.

6.10 A perusal of Sl No. 102 of exemption notification vide Notification No. 02/2017 dated 28.06.2017 (as amended vide Notification No. 7/2017 CT (Rate) dated 25.01.2018) read with entry sl. no. 103A of Notification No. 1/2017-Central Tax (Rate), dated 28-6-2017 clearly denotes that the **'cattle feed' is an inclusive entry which covers within its ambit any feed of cattle processed with maize or corn grains**. In this regard reliance is placed on decision of Hon'ble High Court of Karnataka in the case of Lotus Roofing's (P) Ltd Vs. State of Karnataka MANU/KA/0632/1998, the court held that:

*"in the interpretation of entries in the taxing statute, full effect should be given to all the words used therein. If a particular article would fall within a description, by the force of words used, it is impermissible to ignore that description, and denote the article under another entry, by a process of reasoning."*

6.11 It is borne out from a bare reading of sl. No. 102 of exemption notification dated 28.06.2017 that the said **entry enlists cattle feed without any conditions/restrictions**. More so to say that there is **no express exclusion of 'cattle feed' which is used as raw material for further processing and manufacturing of cattle feed**. In this regard, reliance is placed on the decision of Hon'ble Apex Court in Commissioner of Sales Tax, UP Vs. Ramchandra Asha Ram, (MANU/SC/0952/2000), the Hon'ble Court while examining whether cattle fodder includes fodder prepared by damaged wheat held as hereunder:

*"What is exempted under the Notification of 5.6.85 is cattle fodder. In generic sense the expression "cattle fodder" is inclusive of everything that is fed to cattle including damaged wheat.*

*In the decision relied on by the learned Counsel for the appellant this aspect is noticed but in that particular case fodder was defined as "fodder except cotton seed and oil cakes". In the present case there is no such exclusion of the damaged wheat that is processed and used as feed for the cattle. If that is so, we do not think that there is any justification to interfere with the view taken by the High Court."*

In view of the forgoing observation, the term 'cattle feed' in common parlance includes any feed of cattle processed with maize or corn grains.





6.12 **No new conditions could be imposed through the circular:**

- (i) It is to be noted that it is well settled legal principle of interpretation that the subsequent circulars cannot override or restrict the scope of exemption notification or impose conditions which were not there in the notification. In this regard, attention is invited to the decision of Hon'ble Supreme Court in the case of UOI Vs. Inter Continental (India) 2008 (226) ELT 16 (SC), **wherein the Supreme Court while examining the issues as to whether CBEC by way of circular could introduce additional condition for claiming exemption for imported crude palm oil, held that by issuing a circular subsequent to a notification, the department could not add new conditions to the notification, thereby restricting the scope of exemption notification or whittling it down.**
- (ii) Further, in the case of Sandur Micro Circuits Ltd. v CCE 2008 (229) ELT 641 (SC) the Hon'ble Supreme Court while examining the issue of circular restricting the benefits accorded to EOUs in exemption notification vide 2/95-CE dated 4.1.1995, held that **clarifications issued by Central Board of Excise and Customs (CBEC) cannot take away a benefit conferred under a notification or cannot whittle down the exemption notification and restrict the scope of the exemption notification or whittle it down.**

6.13 **Applicability of Circulars relating the exemption Notification:**

- (i) It is to be noted that what the circular clarifies is that raw material used for manufacture or preparation cannot be covered under exemption as such, inputs or raw materials cannot be directly used for feeding animal or cattle. Therefore, **it is clear from the wordings of the circular that the said clarifications are applicable only to the goods which cannot be directly used for feeding animal and cattle.** In the present case, the goods in question 'Maize cattle feed' is directly used as cattle feed. Therefore, in the instant case, the circular no. 80/54/2018-GST dated 31.12.2018 & Circular No.179/11/2022-GST dated 3<sup>rd</sup> August, 2022 cannot restrict the scope of exemption entry vide sl no. 102 of Notification No. 2/2017 dated 28.06.2017.
- (ii) The said circular has been quashed by the Madras High Court in the case of Jeneffa India v. Union of India, [2021] 132 taxmann.com 55 (Madras). The Court while examining the validity of the circular No. 80/54/2018-GST dated 31.12.2018, in the context of exemption to fish meal.

6.14 **End use Criteria**

- (i) Further, the exemption entry does not specify the end use to be the criteria for exemption, instead **the exemption is based on the goods qualifying as exemption.** In the case of Dunlop India Ltd v UOI AIR 1977 SC 597 it was held that generally, **end use is not relevant for interpretation of exemption notification, unless specified in the exemption notification.** Therefore,





when there is no reference to the use or adaptation of the Article, the basis of end use for classification is absolutely irrelevant. This was also reiterated in Citric India Ltd v UOI 1993 (66) ELT 566 (Bom). While interpreting the tariff classifications under Central Excise and Customs, the Courts have consistently held that end use is not relevant unless the same is specified under the tariff:

Indian Aluminium Cables Ltd. v UOI 1985 (21) ELT 3 (SC)

CCE v Mannampalakkal Rubber Latex Works 2007 (217) ELT 161 (SC)

- (ii) From the above decision of the High Court, it is clear that merely because the finished product (fish meal in the said decision) used by others for further manufacture, the exemption cannot be denied. This is in context of validity of the Circular No. 179/11/2022-GST dt: 03.08.2022, with reference to the noting of condition of use of product by others for further manufacture, based on which exemption cannot be denied.
- (iii) The same principle would equally be applicable to the present case of cattle feed proposed to be manufactured by **M/s Bhageerathi Foods**, where in the cattle feed manufactured would be ready to feed cattle directly, without any further process.

**6.15 Requirement of supporting documents to prove the use of our proposed product by customers, as for the direct consumption of Animals (directly used as Cattle feed)**

The CBIC has clarified vide para no 8.4 & 8.9 of the circular No. 179/11/2022-GST, dated 3<sup>rd</sup> August, 2022 & similar view rendered in circular No 80/54/2018-GST dated 31.12.2018, about the applicability of Exemption notification benefit for the product under sl 102 of notification 2/2017 dated 28.06.2017 under following 2 different scenario,

- iv. **meant for direct consumption as cattle feed and therefore attract exemption.**
- v. **not meant for direct consumption and thus covered under S. No. 103A & subjected to tax @ 5%**

Extract of pertinent para of Circular No. 179/11/2022-GST, dated 3<sup>rd</sup> August 2022, reproduced as below, for easy reference.

8.4 The dispute in applicable GST rate revolves around the central argument as to whether the above-mentioned by-products are **meant for direct consumption as cattle feed and therefore attract exemption under S. No. 102 of notification No. 2/2017-Central Tax (Rate) dated 28th June, 2017** or are otherwise **not meant for direct consumption and thus**





**covered under S. No. 103A of notification No. 1/2017- Central Tax (Rate) dated 28<sup>th</sup> June, 2017 attracting a GST rate of 5%.**

8.9 Accordingly, it is hereby clarified that the subject goods which inter alia is used as cattle feed ingredient are appropriately classifiable under heading 2302 and attract GST at the rate of 5% vide S. No. 103A of Schedule-I of notification no. 1/2017-Central Tax (Rate), dated the 28th June, 2017 and that for the past, the matter would be regularized on as is basis as mentioned in para 8.6.

6.16 In the light of clarifications rendered in the above circulars it is pertinent to note that it is clearly provided that the,

- a. by-products are meant for direct consumption as cattle feed and therefore attract exemption under S. No. 102 of notification No. 2/2017-Central Tax (Rate) dated 28th June, 2017.
- b. or otherwise not meant for direct consumption and thus covered under S. No. 103A of notification No. 1/2017- Central Tax (Rate) dated 28<sup>th</sup> June 2017 attracting a GST rate of 5%.

#### **PERSONAL HEARING PROCEEDINGS HELD ON 27.05.2024**

7. Sri. Veeresh S Kandgol, Chartered Accountant & 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 submitted that they intend to manufacture Corn Grits/ Corn Meal and Corn Flour out of good quality maize on subjecting the same to dry process, in first phase of processing, wherein specified particles are sorted and graded in required parameters. The unspecified particles are further processed, by way of milling, to make it suitable as Cattle feed. In view of this, the applicant





sought advance ruling in respect of the questions, raised as at para 3 supra, which are relevant to their product obtained in the second phase / at the end on milling of the unspecified particles.

11. The applicant classified the impugned product, under tariff heading 2302, as cattle feed, basis the end use and claimed exemption. Thus we proceed to examine the correctness of the classification for which 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 Harmonised Commodity Description and Coding System Explanatory Notes of World Customs Organisation (WCO).

12. It is observed from the explanatory notes that heading 2302 covers residues derived from the milling of cereals and 2302.10 covers the said residues of maize (Corn), subject to the condition that the said residues do not comply with the requirements of Note 2(A) to Chapter 11 as regards starch and ash content, which is as under:

2(A) : Products from the milling of the cereals listed in the below table fall in this chapter if they have, by weight on the dry product:

a) a starch content (determined by the modified Ewers polarimetric method) exceeding that indicated in Column(2); and

b) an ash content (after deduction any added minerals) not exceeding that indicated in Column (3).

Otherwise, they fall in heading 23.02. However, germ of cereals, whole, rolled, flaked or ground is always classified in heading 11.04.





Cereals	Starch Content	Ash Content	Rate of passage through a sieve with an aperture of	
			315 micrometers (microns)	500 micrometers (microns)
(1)	(2)	(3)	(4)	(5)
Wheat and rye	45%	2.5%	80%	-
Barley	45%	3%	80%	-
Oats	45%	5%	80%	-
Maize (Corn) and grain				
Sorghum	45%	2%	-	90%
Rice	45%	1.6%	80%	-
Buckwheat	45%	4%	80%	-

The applicant have not furnished any information with regard to starch and ash content that is contained in their impugned product. Thus we proceed to examine the applicability of exemption claimed by the applicant, for the impugned product, subject to the condition that the impugned product merits classification under heading 2302.10.

13. The applicant sought advance ruling as to whether the impugned product "Cattle feed", intended to supply for directly feeding to animal (i.e. supply to end user as Cattle Feed/Direct consumption as Cattle Feed) is an exempt supply, vide **S. No. 102** of notification **No 2/2017** central tax (Rate) dated 28-06-2017 or not. Further, the applicant in this regard contends that their product, classified under HSN code 2302.10 as cattle feed, merits exemption in terms of Sl.No.102 of Schedule I to the Notification No.2/2017-Central Tax (Rate) dated 28.06.2017, as amended, which is as under:

Sl.No.	Chapter/Heading/ Subheading/ Tariff Item	Description of goods
102	2301, 2302, 2308, 2309	Aquatic feed including shrimp feed and prawn feed, poultry feed and <b>cattle feed</b> , including grass, hay and straw, supplement and additives, wheat bran and de-oiled cake [other than rice bran]

14. In the instant case the applicant manufactures their product "Cattle feed", out of corn, admittedly, classified the same under heading 2302.10. It could be seen from para 13 supra that the product "Cattle feed", falling under 2302, is exempted in terms of Sl.No.102 of the Schedule I to the Notification No.2/2017-Central Tax (Rate) dated 28.06.2017, as amended. Thus the impugned product of the applicant i.e. "Cattle feed", meant for direct consumption as cattle feed i.e. when it is exclusively used as cattle feed for directly feeding the cattle, is eligible for exemption in terms of Sl.No.102, mentioned supra.





15. Now we proceed to take the second question i.e. Whether the said supply of the product "cattle feed", which is ready for direct consumption as cattle feed, but used as an ingredient for higher nutritive value is also exempted supply under the Notification No.2/2017-Central Tax (Rate) dated 28.06.2017, as amended or not.

The applicant in this regard contended that goods excluded under Sl.No.103A of the Notification No.1/2017-Central Tax (Rate) dated 28.06.2017, as amended have been granted exemption under Sl.No.102 of Notification No.2/2017-Central Tax (Rate) dated 28.06.2017, as amended; no specified process of manufacturing cattle feed exists as on day; different cattle feed is to the cattle on the intent behind feeding it; there is no fixed watertight definition for cattle feed; the feed is selected depending upon the need of the cattle; the term "Cattle feed" has not been defined in the GST statutes and quotes certain case laws to arrive at the meaning of "cattle feed".

The applicant, quoting certain case laws, contended that there are two stages of interpreting exemption notifications i.e.

- a) First Stage: To ascertain whether subject falls within the exemption notification that being in nature of exception is to be construed strictly.
- b) Second Stage: Once the doubt of applicability of exemption notification is ascertained, then the entry of notification warrants for a wider and liberal construction.

The applicant further contends that the exemption entry under Sl.No.102 of the notification supra clearly denotes that the 'cattle feed' is an inclusive entry which covers within its ambit any feed of cattle processed with maize or corn grains; relied upon the decision of the Hon'ble High Court of Karnataka in the case of *Lotus Roofings (P) Ltd., Vs State of Karnataka*; there is no express exclusion of 'cattle feed' that is used as raw material for further processing of manufacturing of cattle feed and relies upon the decision of the Hon'ble Apex Court in the case of *Commissioner of Sales Tax, UP Vs Ramachandra Asha Ram*.

The applicant further contends that subsequent circulars can't override or restrict the scope of exemption notification or impose conditions which were not there in the notification. In this regard the applicant intend to rely upon the decisions of the Hon'ble Supreme Court in the case of *UOI Vs Inter Continental (India)* and also in the case of *Sandur Micro Circuits Ltd., Vs CCE*.

Further, the applicant contends that end use is not the criteria for availing exemption, but on the basis of the goods qualifying for exemption and intends to rely upon the decision of the Hon'ble Supreme Court in the case of *Dunlop India Ltd., Vs UOI* wherein it was held that generally end use is not relevant for interpretation of exemption notification unless specified in the exemption notification.





In view of the foregoing the applicant concludes the contentions with the argument that the supply of the product "cattle feed", which is ready for direct consumption as cattle feed, but used as an ingredient for higher nutritive value is also exempted supply under the Notification No.2/2017-Central Tax (Rate) dated 28.06.2017, as amended.

It could be seen from para 13 that the exemption is applicable only in respect of the goods "Cattle feed" i.e. the exemption would be applicable as long as the final product is supplied as cattle feed and utilized directly to feed the cattle. In the instant situation, the impugned product by name "Cattle feed" is not used directly to feed the cattle but as an ingredient to manufacture a new product with higher nutritive value and thereby loses the nature of cattle feed. Thus the exemption mentioned supra is not applicable to such situations.

In this regard we invite reference to para 8.7 of the Circular No.179/11/2022-GST dated 03.08.2022 wherein it is clarified that the goods which inter alia used as cattle feed ingredient are appropriately classifiable under heading 2302 and attract GST at the rate of 5% vide S.No.103 A of Schedule-I of Notification No.1/2017-Central Tax (Rate) dated 28.06.2017.

It is pertinent to mention here that circular is clarificatory in nature and is binding only on the departmental officers and they cannot take a different view that the circular is contrary to the statute. The Hon'ble Supreme Court in the case of **Commissioner of Customs, Calcutta v. Indian Oil Corporation Ltd., (2004) 3 SCC 488 = 2004 (165) E.L.T. 257 (S.C.)**, culled out the following principle

**Binding Value of Circular to Department** – This Court has, in a series of decisions, held that circulars issued under Section 119 of the Income Tax Act, 1961 and Section 37B of the Central Excise Act are binding on the Revenue. Provision itself has stated that officers or other persons employed in implementation of Act shall follow the circulars.

Hon'ble supreme Court opined that regardless of the interpretation that of the Court, if there are circulars which have been issued by the CBIC which place a different interpretation upon the said phrase, then that interpretation will be binding upon the Revenue, also held by Hon'ble Supreme Court (Constitutional Bench) in case of *Collector of C. Ex., Vadodara v Dhiren Chemical Industries 2002 (139) E.L.T. 3 (S.C.)*

16. Now we proceed to consider the third and last question with regard to **the documents required to be obtained from the customers as a proof for claiming Exemption with respect to said supply of our proposed Cattle feed product used for feeding the Cattle.**

In this regard we invite reference to Section 97(2) of the CGST Act 2017, which specifies certain issues on which the applicant can raise the questions and seek advance rulings. The above question raised by the applicant is not covered under any of the specified issues and hence is beyond the jurisdiction of this



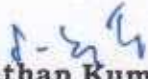


Authority and thereby this Authority refrains from passing any ruling in this regard.

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

### R U L I N G

- a) The supply of the product of the applicant being marketed as **Cattle feed**, which is supplied for directly feeding to animal (i.e. supply to end user as Cattle Feed/Direct consumption as Cattle Feed) is eligible for exemption in terms of **S.No. 102** of Notification **No 2/2017** - Central Tax (Rate) dated 28-06-2017.
- b) The supply of the product of the applicant being marketed as **Cattle feed**, which is ready for direct consumption as cattle feed, but used as an ingredient for higher nutritive value is not eligible for exemption in terms of **S.No. 102** of Notification **No 2/2017**- Central Tax (Rate) dated 28-06-2017.
- c) The question, with regard to the documents required to be obtained from the customers as a proof for claiming Exemption with respect to the supply of the applicant's product **Cattle feed** used for feeding the Cattle, is beyond the jurisdiction of this Authority in terms of Section 97(2) of the CGST Act 2017 and thus no ruling is passed.

  
(Prathap Kumar S)

Member  
MEMBER

Karnataka Advance Ruling Authority  
Place : Bengaluru - 560 009


Date : 28-07-2025

To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Commissioner of Central Tax, Bangalore East Commissionerate, Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-16, Bengaluru.
5. Office Folder.

  
(Kalyanam Rajesh Rama Rao)

Member  
MEMBER

Karnataka Advance Ruling Authority  
Bengaluru - 560 009

