Sun Pharmaceutical Industries Ltd (appellant; the body of the order uses Sun Pharmaceutical Industries Limited)

Appellate Authority for Advance Ruling — Maharashtra

ORDER NO. MAH/AAAR/SS-RJ/12/2019-20 dated 25.10.2019 (Appeal No.… Dated **25.10.2019**

Q Questions Before the Authority

- What is the correct classification, and applicable GST rate, of Prohance-D (Chocolate variant), a nutritional powder for diabetic patients that contains about 3% cocoa for flavouring: under Heading 1806 or Heading 2106 (2106 90 91 Diabetic foods or 2106 90 50 Compound preparations for making non-alcoholic beverages)?

F Facts

Sun Pharmaceutical Industries manufactures and markets Prohance-D, a powdered nutritional product for diabetic persons, sold as a partial meal or breakfast replacement and made by a third-party manufacturer under an FSSAI licence for food for special dietary uses. The appeal concerns only the Chocolate variant; the Vanilla variant was not in dispute before the Advance Ruling Authority. The AAR had classified the product under 2106 90 50 as a compound preparation for making non-alcoholic beverages, and the appellant challenged that classification.

H Ruling

Classification and GST rate of Prohance-D (Chocolate variant)	**Diabetic food under heading 2106 90 91. The AAR's classification under 2106 90 50 is set aside.**	Rate: the schedule extract in the order shows Sch II Sl 46A at 6% CGST. Para 138 and the prayer state 12% total GST. The order does not reconcile these. The ruling is confined to the Chocolate variant.

The Appellate Authority set aside the AAR's classification under 2106 90 50 and held that Prohance-D (Chocolate) is a diabetic food under Tariff Item 2106 90 91. The product is food and not a beverage, and it is the specific entry for the goods. The order also records that the product is covered by the specific GST entry for diabetic foods.

R Reasoning

The Authority held the product is food, relying on the AAR's own finding and on the Chapter 2106 residuary heading. It then held that the product is a diabetic food, relying on the Oxford dictionary definition, FSSAI food for special dietary uses regulations, the Schedule VIII prebiotic list, the sugar substitutes in the formulation, and the label and licence. Because 2106 90 91 is a specific entry, Rule 3(a) of the General Rules of Interpretation was applied in preference to 2106 90 50. The Authority treated the competing-entries question as a Rule 3(b) and 3(c) question, and in the alternative applied the beneficial-entry principle from Minwool Rock Fibres and Rule 4. It also held that a product consumed after mixing with water is not for that reason a beverage.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

P Provisions Relied On

- Section 100 and Section 101 of the CGST Act, 2017 and the corresponding MGST Act, 2017 provisions
- Notification No. 1/2017-Central Tax (Rate) dated 30.06.2017, Schedule II Sl. No. 46A (Diabetic foods) and Schedule III Sl. No…
- Customs Tariff Act, 1975: Chapter 21, headings 2106 90 50, 2106 90 91, and Chapter 18 (1806)
- General Rules of Interpretation 1 to 4 and 6
- Food Safety and Standards Act, 2006, Section 22 and its explanation
- FSSAI Notification dated 23.12.2016 (Food Safety and Standards (Foods for Special Dietary Uses) Regulation 8 / Regulation…
- Drugs and Cosmetics Rules, 1945, Rule 106 and Schedule J
- HSN Explanatory Notes to Chapter 21 (heading 2106) and Chapter 17.02
- Supreme Court decisions: Coen Bharat Ltd, CCE v. Bakelite Hylam Ltd, Indian Carbon Ltd, Union of India v. Pesticides Mfg &…

! For the Practitioner

The order is useful for practitioners on diabetic-specific food formulations sold as powders that are mixed with water, because it treats the specific diabetic-food entry as preferable to the general compound-preparation entry. It does not settle the 6% versus 12% rate question, which the order states inconsistently. It applies only to the Chocolate variant, and it is an appellate order in the appellant's favour, so it should be checked for any later challenge before it is relied on.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> mh_aaar_ss-rj_12_2019-20_25.10.2019.pdf

Prepared 13-11-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)
RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Mumbai
104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Delhi
3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Gurugram
Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram…

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

Talk to us: +91 94594 56700 | sales@patronaccounting.com | patronaccounting.com