Chinnakani Arumuga selvaraja, Proprietor, M/s Sri Venkateshwara Traders

Authority for Advance Ruling — Tamil Nadu

ORDER No. 34/AAR/2019 DATED 26.07.2019 (the listing shows TN/34/AA… Dated **26.07.2019**

Q Questions Before the Authority

- Classification of 'Cattle Feed in Cake Form'

F Facts

The applicant, a registered GST manufacturer in Villupuram, makes 'cattle feed in cake form' by pulverising groundnut oil cake with husked and broken rice and black broken rice, then adding jaggery, salt and water, and steaming the mixture into solid cakes. The product is sold locally and inter-State. The applicant is a sister concern of M/s C.P.R Mill, runs on the same mill and labour, and relies on an earlier ruling for that concern and on past exemption under the TNGST and TNVAT Acts. The jurisdictional officer argued that the product should be taxed at 2.5% under tariff item 0410 because groundnut oil cake is itself taxable.

H Ruling

Classification of 'Cattle Feed in Cake Form'	**Chapter Heading 2309 90 10 (compounded animal feed). The ruling text prints the code as '23099010', which appears to be a typographical variant of 2309 90 10.**	Exempt under Sl. No. 102 of Notification No. 2/2017-Central Tax (Rate) and Sl. No. 102 of TN Notification No. II(2)/CTR/532(d-5)/2017. The scan is unclear whether one of these entries reads 702 rather than 102, so verify the entry numbers against the full order. Inter-State supplies are exempt under Sl. No. 102 of Notification No. 2/2017-Integrated Tax (Rate), as amended.

The Authority held that the product is classifiable under Chapter Heading 2309, as a compounded animal feed under tariff item 2309 90 10, and not under heading 2305 for oil-cake. The product is exempt for intra-State supplies under the CGST and TNGST exemption entries and for inter-State supplies under the IGST exemption entry, as stated in the operative ruling.

R Reasoning

The Authority applied the Customs Tariff First Schedule and its General Rules of Interpretation, as made applicable by Notification No. 1/2017-Central Tax (Rate), explanations (iii) and (iv). It relied on Chapter 23 Note 1, which places in heading 2309 products used in animal feeding that have been processed so far that they lose the essential character of the original material. It treated the explanatory notes to heading 2305 as covering the residue of groundnut oil extraction, and held that the applicant's mixture went beyond that residue. It found that the product was identified as cattle feed on the invoices and that the explanatory notes to heading 2309 describe complete feeds of this kind. Heading 2309 was therefore taken as the correct classification, which carried the

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

exemption.

P Provisions Relied On

- Section 98 of the CGST Act, 2017 (advance ruling)
- Rule 104 of the CGST Rules, 2017 (application fee)
- Section 100 of the CGST Act, 2017 (appeal, as cited in the order's note)
- Notification No. 1/2017-Central Tax (Rate), explanations (iii) and (iv)
- Notification No. 2/2017-Central Tax (Rate), Sl. No. 102 (possibly 702 in one passage; not clearly legible)
- Notification No. 2/2017-Integrated Tax (Rate), Sl. No. 102
- TN Notification No. II(2)/CTR/532(d-5)/2017, Sl. No. 102
- Customs Tariff Act, 1975, First Schedule, headings 2305 and 2309, and General Rules of Interpretation
- Chapter 23 Note 1 and explanatory notes to headings 23.04, 23.05 and 23.09

! For the Practitioner

A practitioner dealing with compounded cattle feed in cake form can cite this ruling for classification under 2309 90 10 and for the exemption position on both intra-State and inter-State supplies. It is useful where the Department argues for 2.5% under tariff item 0410 or heading 2305 on the basis that groundnut oil cake is taxable. The ruling binds only the applicant and rests on the specific ingredients and process described. It does not decide the rate on plain groundnut oil cake, nor does it expressly deal with the 0410 argument. Check the verified exemption entry numbers before relying on them.

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 -> tn_aar_34_2019_venkateshwara_traders.pdf

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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