

M/s. Sardar Chemical Industries

Authority for Advance Ruling — Gujarat

GUJ/GAAR/R/2026/30

Dated **04.08.2026**

Q Questions Before the Authority

- Whether Papad Khar should be classified under HSN Code 2501 (Common Salts) @ 5% GST based on its alkaline salt composition and food application; OR
- Whether Papad Khar should be classified under HSN Code 2102 (Prepared Food Additives/Condiments) @ 5% GST based on its nature as a food processing ingredient; OR
- Whether Papad Khar qualifies for GST exemption under: Notification No. 2/2017-Central Tax (Rate), Entry 96 (Papad and related food items); OR Entry 23 (Unpacked food items and basic food ingredients); OR Any other applicable exemption notification;
- If the product is incorrectly classified under HSN 2836@ 18% GST, what is the correct classification and what relief/refund is available for past assessments?

F Facts

The applicant manufactures and supplies Papad Khar, a traditional food ingredient used as a raising agent and alkalizing compound in the preparation of papad and similar food items. The product is a mixture of sodium chloride, sodium carbonate, and sodium bicarbonate. The applicant sought a ruling to reclassify the product from HSN 2836 (taxed at 18%) to either HSN 2501 or HSN 2102 (taxed at 5%) or to claim a GST exemption.

H Ruling

Classification under HSN 2501 @ 5%	No.	Product is not common salt or rock salt.
Classification under HSN 2102 @ 5%	No.	Product does not have the characteristics of yeast or baking powder.
GST Exemption eligibility	No.	Papad Khar does not qualify for GST exemption.
Correct classification and past relief	HSN 28362090 @ 18% GST.	Covered under Entry No. 35 of Schedule II of Notification No. 09/2025-Central Tax (Rate).

The Authority ruled that Papad Khar is not classifiable under HSN 2501 or 2102, nor does it qualify for GST exemption. It confirmed that the product is correctly classified under HSN 28362090 and is liable to GST at the rate of 18%. The contention that raw materials should be exempt because the final product (papad) is exempt was rejected as illogical.

R Reasoning

The Authority analyzed the chemical composition of Papad Khar, noting it is a mixture of sodium carbonate and

sodium bicarbonate, which falls under **Chapter 28 (Inorganic chemicals)**. It concluded that the product does not meet the criteria for HSN 2501 (Common Salts) or HSN 2102 (Prepared Food Additives). The ruling emphasized that tax rates for inputs and final products are determined independently, rejecting the applicant's argument regarding the exemption of the final product. It relied on the **Customs Tariff Act, 1975** and **Notification No. 09/2025-Central Tax (Rate)** to determine the applicable rate.

P Provisions Relied On

Section 97(2) of the CGST/GGST Act, 2017	Notification No. 2/2017-Central Tax (Rate)
Notification No. 09/2025-Central Tax (Rate)	Notification No. 10/2025-Central Tax (Rate)
Customs Tariff Act, 1975	

! For the Practitioner

This ruling confirms that Papad Khar is **taxable at 18%** under HSN 28362090. It serves as a strong precedent against the argument that inputs for exempt goods should automatically be exempt. Practitioners should note that the Authority strictly interprets HSN classifications based on chemical composition rather than end-use or traditional culinary status.

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 -> 6-sardar chemical industries 0001 compressed compressed.pdf

Prepared 11-10-2026.

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

Delhi

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

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

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

Gurugram

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

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