

**GUJARAT AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX
D/5, RAJYA KAR BHAVAN, ASHIRAM ROAD,
AHMEDABAD – 380 009.**



ADVANCE RULING NO. GUJ/GAAR/R/2025/04
(IN APPLICATION NO. Advance Ruling/SGST& CGST/2024/AR/07)

Date: 22.03.2025

Name and address of the applicant	:	M/s. Vegan Wood Pvt Ltd., Abhay Sales, Tagore Road, Nr. Dharti Honda, Bhaktinagar, Rajkot, Gujarat- 360 002.
GSTIN of the applicant	:	24AAYCA9611L1Z2
Jurisdiction Office	:	Office of the Assistant Commissioner of State Tax - Unit-89, Range-22, Division-10, Rajkot
Date of application	:	22.03.2024
Clause(s) of Section 97(2) of CGST/IGST Act, 2017, under which the question(s) raised.	:	(a),(b)
Date of Personal Hearing	:	03-01-2025
Present for the applicant	:	Shri Dinesh Rupareliya, CA

Brief facts:

M/s. Vegan Wood Pvt Ltd., Abhay Sales, Tagore Road, Nr. Dharti Honda, Bhaktinagar, Rajkot, Gujarat- 360 002 [for short –‘applicant’] is registered under GST and their GSTIN is 24AAYCA9611L1Z2.

2. The applicant is engaged in the manufacture of ‘Natural Fibre Composite Board’ [NFC] at their manufacturing facility at Plot No. 3, 163/P1 & 163/P, Village Rangpur, Taluka Wankaner, District Morbi, Gujarat.

3. One of the products manufactured by the applicant is ‘rice husk board’. The applicant has informed the manufacturing process of the said product *viz*:

- that they procure rice husk from farmers, rice mills, other traders;
- the rice husk is pulverized into fine powder; that powdered rice husk is known as natural fibre & is derived from agro-residuals;
- this natural fibre is mixed with lime powder [calcium carbonate], processing additives such as lubricants, foaming agents, foam regulators, heat stabilizers etc.;
- PVC resin is used as a binding agent;
- that the percentage of raw material used is as per the table below;

Sr. No.	Item	% quantity
1	Rice husk powder [natural fibre]	30
2	Calcium carbonate [lime powder]	14
3	Recycling waste	18



4	PVC	26
5	Processing aids such as thermos-coupling agents, etc	8
6	Lubricant	4
	Total	100

- the compound is mixed with PVC & thereafter extruded through a screw barrel & mould at a preset temperature and pressure;
- the compound melts under high temperature in the screw barrel & is released through the mould & is transferred into a thickness calibration unit;
- chilled water passes through the calibration unit in order to settle the thickness & to cool the board;
- the width of the sheet is maintained according to the width of the mould which is generally 1350 mm;
- to maintain the width of 1220 mm, ie 4 feet, the automatic system is fitted with the machine which continuously trims the sides;
- that this automatic system cuts the board at a length of 2440 mm x 1220 mm [8feet x 4 feet];
- that these boards are manufactured in various thickness ranging from 6mm to 25mm.

4. The applicant has further stated that the natural fibre is the dominant raw material used for the production of the said board; that wood and articles of wood are classified under HSN 4411. The applicant is further of the view that the product is classifiable under CTH 441193 & leviable to GST @ 12% in terms of serial no. 92 of notification No. 1/2017-CT(Rate).

5. In view of the aforementioned facts, the applicant has asked following question in their application for advance ruling *viz*

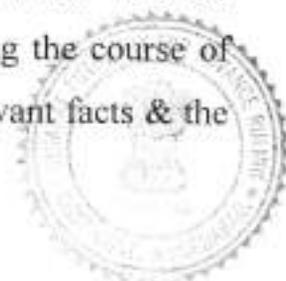
- Whether the rice husk board manufactured by us comprising of natural fibre [rice husk powder], calcium carbonate, recycling waste & other processing aid as well as PVC resin, wherein PVC acts only as a bonding agent would remain classified as wood and articles of wood under chapter 44 & attract 12% rate of GST?

6. Personal hearing was granted on 03.01.2025 wherein Shri Dinesh Rupareliya, CA appeared on behalf of the applicant. He submitted a copy of laboratory test report during the course of personal hearing.

Discussion and findings

7. At the outset, we would like to state that the provisions of both the CGST Act and the GGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the GGST Act.

8. We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made during the course of personal hearing. We have also considered the issue involved, the relevant facts & the



applicant's submission/interpretation of law in respect of question on which the advance ruling is sought.

9. Indian Plywood Industries Research Institute (IPIRI), Bangalore, had undertaken research work in 1977 to develop particle board using ligno cellulosic agricultural residue such as rice husk, groundnut shell etc. The purpose was to identify suitable renewable agricultural waste to manufacture particle board to replace wood to conserve natural resources and thus preventing depletion of forests/environment. The project was financed by Ministry of Science and Technology. The research work involved development of suitable resin for binding the particle and development/identification of machinery for the manufacture. Laboratory work was completed in 1982 and it was also established that rice husk is a good alternative material for use in the manufacture of particle board,

10. On going through the foreword of IS 3129 : 1985, it is stated as follows:

0.2 There are three categories of particle boards based on their density classification, namely, medium density particle boards having specific gravity of 0.5 to 0.9, covered in IS : 3087-1965*, high density particle board having specific gravity over 0.9 covered in IS : 3478-1966† and the low density particle boards covered in this standard having specific gravity not exceeding 0.4.

Thus, there are three BIS, which covers the particle boards based on their density classification, namely, BIS 3478 : 1966 which deals with High Density particle board , IS 3087: 1965 [BIS 3087 : 2005], which covers medium density particle boards and BIS 3129 : 1985, which covers the low density particle boards.

11. As far as the materials involved in the particle board are concerned, the three BIS, mention as follows *viz*

-BIS 3478 : 1966 which deals with High Density particle board

4. MATERIALS

4.1 Any suitable species of timber may be used.

-BIS 3087: 2005, which covers medium density particle boards

5 MATERIALS

5.1 Any species of wood and/or other lignocellulosic materials may be,used in the manufacture of particle board. For ECO-Mark, only species from sources other than natural forests such as wood from rubber, cashew, industrial and social forestry plantations, etc, and shade trees from tea and coffee estates, wood residues or agricultural/forest residues shall be used for the manufacture of particle boards.



-BIS 3129 : 1985, which covers the low density particle boards

3. MATERIALS

3.1 Timber and Other Ligno-Cellulosic Material — Timber and other ligno-cellulosic material like bagasse, solapith, jute sticks, rice husk, pea-nut shells, etc, may be used for the manufacture of these boards. These shall be light weight materials of bulk density preferably not exceeding 400 kg/m³ and shall be free from extraneous matter and dust.

12. The applicant has provided a copy of the test report dated 23.12.2024, which confirms the contents of the rice husk board as has already mentioned in the application. However, we find that the entire submission, the contents of the product, etc. exactly resembles the ruling no. 54/ARA/2019 dated 23.12.2019, in the case of M/s. Papaka Herbs & Spices Ltd., to the teeth. It is difficult to believe that this is a coincidence.

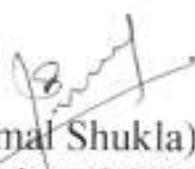
13. Even otherwise, we find that the test report dated 23.12.2024, though from a NABL accredited laboratory, contains a remark that "*All above parameters are not covered/not accredited under NABL Scope of Accreditation*". The test parameters nowhere state the BIS followed, for arriving at the test result. The applicant, it is felt, should have provided the test report from a Government recognised laboratory, as listed in the annexure to CBIC circular No. 43/2017-Customs dated 16.11.2017.

14. We also find that the applicant has not provided copies of either the brochure, copies of purchase invoice of inputs, copies of sales invoices, etc..

15. In the light of the foregoing, we rule as under:

RULING

- (i) We hold the application to be non-maintainable in view of our findings mentioned *supra*.


(Kamal Shukla)
Member (SGST)


(P.B.Meena)
Member (CGST)



Place: Ahmedabad
Date: 21.03.2025