NATION TAX MARKET	**KERALA AUTHORITY FOR ADVANCE RULING** **GOODS AND SERVICES TAX DEPARTMENT** **TAX TOWER, THIRUVANANTHAPURAM**	KERALA GST State Goods & Services Tax

BEFORE THE AUTHORITY OF : Shri Jomy Jacob IRS &

: Shri Mansur M.I.

Legal Name of the applicant	M/s. RAMDHARSAN THANIKACHALAM (VEE GEE SUNDARAM AND SONS)
GSTIN	32AXNPT3250D1ZL
ARN No.	AD320822001805G
Address	8/162 VEE GEE S PREMISES, POLLACHI ROAD, KOZHINJAMPARA, Palakkad 678555.
Advance Ruling sought for	1. Whether supply of frozen chicken [HSN0207 1200&HSN 0207 1400] contained in a wholesale bag of 30 Kgs containing 15 small packs of 2Kgs each made to institutional consumers such as The Indian Army, Ministry of Defense, and Taj Kerala Hotel & Resorts Ltd(Gateway, Varkala) etc.is exempted vide Sl. No. 9 of Notification 2/2017-CT (R) against HSN 0207, "All goods other than fresh or chilled, other than pre-packaged and labelled"? 2. Whether supply of frozen chicken [HSN0207 1200&HSN 0207 1400] contained in a wholesale bag of 30 Kgs containing 15 small packs of 2Kgs each made to a distributor who would further supply to institutional consumers such as The Indian Army, Ministry of Defense and Taj Kerala Hotel & Resorts Ltd (Gateway,Varkala) etc.is exempted vide Sl. No. 9 of Notification 2/2017-CT (R) against HSN

AUTHORITY FOR ADVANCE RULING GST KERALA

	0207, "All goods other than fresh or chilled, other than pre-packaged and labelled". 3. The rate of tax for supply of frozen chicken [HSN0207 1200 & HSN 0207 1400] contained in a wholesale bag of 30 Kgs containing 15 small packs of 2Kgs each when made to non-institutional consumers.
Date of Personal Hearing	20.06.2025
Authorized Representative	Shri.Praveen Kumar, Chartered Accountant

ADVANCE RULING No.KER/24/2025 Dated 23.07.2025

1. M/s. RAMDHARSAN THANIKACHALAM, 8/162, VEE GEE S PREMISES, POLLACHI ROAD, KOZHINJAMPARA, Palakkad- 678555 (hereinafter referred to as the applicant) is in the business of food products and registered under GST Act 2017 bearing GSTIN 32AXNPT3250D1ZL.

2. In this ruling, a reference to the provisions of the CGST Act, Rules and Notifications issued there under shall include a reference to the corresponding provisions of the KSGST Act, Rules and the Notifications issued thereunder.

3. The issues on which advance ruling sought are stated above.

4. Contentions of the Applicant

4.1 The applicant proposes to engage in the trading of poultry meat both whole (not cut into pieces) and in the form of cuts and offal sourced from third parties. The product is supplied in wholesale bags of 30 kg, each containing 15 smaller packs of 2 kg. The packaging clearly states: "Packed exclusively for Institutional Sale and not for Retail Sale." The applicant intends to supply these products to various institutional buyers, such as the Indian Army, Ministry of Defence and Taj Kerala Hotel & Resorts Ltd (Gateway, Varkala), among others. The supply may be carried out in either of the following ways:

AUTHORITY FOR ADVANCE RULING GST KERALA

a) Direct supply by the applicant to the institutional buyers, or
b) Supply by the applicant to a distributor, who then supplies it to institutional buyers.

In rare cases, if the applicant is unable to sell the product to institutional buyers either directly or through distributors it may consider selling to non-institutional buyers as well.

4.2 The interpretation of the law by the applicant is that where frozen chicken is pre-packed and labelled, GST is applicable at the rate of 5% w.e.f. 18.07.2022 and where frozen chicken is not pre-packed and labelled, then supply of the same is exempted.

They further submitted that their understanding is as follows:

a) The supply of frozen chicken, packed in wholesale bags of 30 kg (containing 15 small packs of 2 kg each), made directly to institutional consumers such as the Indian Army, Ministry of Defence and Taj Kerala Hotel & Resorts Ltd (Gateway, Varkala), is exempted from GST as per Sl. No. 9 of Notification No. 2/2017-Central Tax (Rate), under HSN 0207, which covers "All goods other than fresh or chilled, other than pre-packaged and labelled."

b) Similarly, the supply of the same frozen chicken (packed in wholesale bags of 30 kg with 15 small packs of 2 kg each) to a distributor, who in turn supplies it to institutional consumers such as the Indian Army, Ministry of Defence and Taj Kerala Hotel & Resorts Ltd (Gateway, Varkala), is also exempted under the same entry. However, if the same product is supplied to non-institutional consumers, it would attract GST at the rate of 5%, in accordance with Sl. No. 1 of Schedule I to Notification No. 1/2017-Central Tax (Rate), as amended, read with Notification No. 6/2022-Central Tax (Rate) dated 13-07-2022, under HSN 0207, which covers "All goods other than fresh or chilled, pre-packaged and labelled."

The applicant has provided detailed reasoning in support of this understanding.

5. Comments of the Jurisdictional Officer

The application was forwarded to the jurisdictional officer as per provisions of Section 98 (1) of the CGST Act. The Jurisdictional Officer reported that there are

AUTHORITY FOR ADVANCE RULING GST KERALA

no pending or decided proceedings against the applicant under any provisions of the CGST Act 2017.

6. Personal hearing

The applicant was granted opportunity for personal hearing on 21-06-2024 and a rehearing was conducted on 20-06-2025 due to the change of Central and State members Shri.Praveen Kumar, Chartered Accountant represented the applicant for both the personal hearings, and reiterated the contentions made in the application.

7. Discussion and findings

7.1. The application is admissible in terms of Section 97(2)(b) and Section 97(2)(e) of the Central Goods and Services Tax Act, 2017, as the questions raised by the applicant pertain to the applicability of an exemption notification issued under the Act specifically, Notification No. 2/2017–Central Tax (Rate) and the determination of the liability to pay tax on the supply of frozen chicken under various scenarios involving institutional and non-institutional consumers. As the issues fall within the scope of the matters enumerated under the said provisions, the application is maintainable for advance ruling.

7.2. The item in question is frozen chicken, falling under HSN Codes 02071200 and 02071400. The supply is made in wholesale bags of 30 kg, each containing 15 small packs of 2 kg. These are intended for institutional customers such as the Indian Army, Ministry of Defence and Taj Kerala Hotel & Resorts Ltd (Gateway, Varkala), among others. As per the Customs Tariff, HSN 02071200 refers to meat and edible offal of poultry, not cut into pieces, frozen; and 02071400 refers to the same item cut into pieces, frozen. The classification adopted appears to be in order.

The key questions raised are:

I. Whether the supply of this item directly to institutional customers is exempt from GST?

AUTHORITY FOR ADVANCE RULING GST KERALA

II. Whether the supply of the same item to a distributor, who then supplies it to institutional customers, is also exempt?

III. The rate of tax for supply of frozen chicken [HSN0207 1200 & HSN 0207 1400] contained in a wholesale bag of 30 Kgs containing 15 small packs of 2Kgs each when made to non- institutional consumers.

7.3. The applicant proposes to supply frozen chicken to institutional customers, either directly or through other suppliers. In some cases, they may also supply the same to non-institutional buyers. As per Notification No. 41/2017-Central Tax (Rate) dated 14-11-2017, which amends Notification No. 1/2017-Central Tax (Rate) dated 28-06-2017, pre-packaged and labelled goods of this nature attract 5% GST. However, an exemption is available if the goods are not pre-packaged and labelled. The meaning of "pre-packaged and labelled" is clarified in Notification No. 6/2022-Central Tax (Rate) dated 13-07-2022. It refers to a "pre-packaged commodity" as defined in Section 2(l) of the Legal Metrology Act, 2009, i.e., a commodity placed in a package (sealed or otherwise) with a pre-determined quantity, without the purchaser being present. The applicant has admitted that their product meets this definition. Further, Section 18 of the Legal Metrology Act mandates that no person shall manufacture, pack, sell, distribute or offer for sale any pre-packaged commodity unless it bears the standard declarations as prescribed. The relevant provisions are laid down in the Legal Metrology (Packaged Commodities) Rules, 2011. Importantly, Rule 3(c) of the said Rules excludes certain categories from the requirement of declarations applicable to retail sale packaging. This includes packaged commodities meant for industrial or institutional consumers.

7.4 As per the definitions under the above Rules, customers such as the Army, Ministry of Defence and Taj Hotels qualify as institutional consumers. This position is further supported by the FAQs issued by the Ministry of Finance, Department of Revenue (TRU) vide F. No. 190354/172/2022-TRU dated 17th July 2022. Specifically, FAQ No. 7 clarifies that "Supply of packaged commodity for consumption by industrial consumer or institutional consumer is excluded from the purview of the Legal Metrology Act by virtue of Rule 3(c). Therefore, if supplied in such manner as to attract exclusion under the said rule, it will not be considered as pre-packaged and labelled for the purposes of GST levy."

7.5 Accordingly, even though the items are pre-packed and labelled, their supply to institutional customers like the Army and Taj Hotels does not attract Legal Metrology labelling requirements. As a result, such supplies do not qualify as 'pre-packaged and labelled' for the purposes of GST, and therefore, they qualify for exemption under Sl. No. 13 of Notification No. 2/2017-Central Tax (Rate) dated 28-06-2017.

7.6 The next scenario concerns supplies made to institutional consumers through distributors. In this regard, it is important to note that the criterion for exclusion from the Legal Metrology (Packaged Commodities) Rules, 2011 is based on the intended end use of the goods by institutional or industrial consumers, rather than the specific mode or channel of supply. The emphasis, therefore, is on the character of the ultimate consumer rather than whether the supply is made directly by the manufacturer or routed through a distributor. This interpretation is supported by the legal maxim "substance over form", which dictates that the true substance of a transaction here, the intended use of the goods by a qualifying institution must prevail over the mere formal route taken to effect the supply. The CBIC FAQ issued by the Tax Research Unit (F. No. 190354/172/2022-TRU dated 17 July 2022) reinforces this position by clarifying that *"supply of packaged commodity for consumption by industrial or institutional consumers"* if made *"in such manner as to attract exclusion under Rule 3(c)"* shall not be treated as "pre-packaged and labelled" for GST purposes. Accordingly, it is our considered view that the exemption under Sl. No. 13 of Notification No. 2/2017–Central Tax (Rate) would remain available even where the supply is made through distributors or wholesale dealers, provided the end use is by a qualifying institutional or industrial consumer and all the prescribed conditions are duly fulfilled.

7.7 As per Rule 2(bc) of the Legal Metrology (Packaged Commodities) Rules, 2011, an *"institutional consumer"* is defined as *"the institution which buys packaged commodities bearing a declaration 'not for retail sale', directly from the*

AUTHORITY FOR ADVANCE RULING GST KERALA

manufacturer or from an importer or from a wholesale dealer for use by that institution and not for commercial or trade purposes." Similarly, an *"industrial consumer"* is defined under Rule 2(bb) as one who buys packaged commodities for use by that industry, including for commercial purposes. These definitions make it clear that institutional consumers are not restricted to direct procurement from the manufacturer alone; they can lawfully source the goods from importers or wholesale dealers as well, provided that the goods are properly labelled as "not for retail sale" and are used exclusively by the institution and not resold. Therefore, where these statutory requirements are complied with including proper declarations and a verifiable documentary trail establishing that the goods are intended for consumption by a qualifying institutional or industrial consumer, the supply would fall outside the scope of "pre-packaged and labelled" goods under the GST framework and would accordingly qualify for exemption under the aforementioned notification.

7.8 However, this exemption is strictly conditional on the goods being supplied for consumption by institutional or industrial consumers, whereby such supplies fall outside the scope of "pre-packaged and labelled" goods for GST purposes. If the same goods are supplied for any other purpose, or to non-institutional or non-industrial consumers, the exclusion under Rule 3(c) would not apply. In such cases, the goods would retain the character of pre-packaged and labelled frozen poultry meat under CTH 0207, and would be liable to GST at the rate of 5% (CGST + SGST) as per Notification No. 41/2017-Central Tax (Rate) dated 14-11-2017, provided it is both frozen and bears a brand name/label.

8. Given the observations stated above, the following rulings are issued;

RULINGS

Question No. 1. Whether supply of frozen chicken [HSN 0207 1200 & HSN 0207 1400] contained in a wholesale bag of 30 Kgs containing 15 small packs of 2Kgs each made to institutional consumers such as The Indian Army, Ministry of Defense, and Taj Kerala Hotel & Resorts Ltd(Gateway, Varkala) etc.is exempted

AUTHORITY FOR ADVANCE RULING
GST
KERALA

vide Sl. No. 9 of Notification 2/2017-CT (R) against HSN 0207, "All goods other than fresh or chilled, other than pre-packaged and labelled"?

Ruling- The items in question shall be exempt from GST under Sl. No. 13 of Notification No. 2/2017 – Central Tax (Rate) dated 28-06-2017, when supplied to institutional consumers, subject to compliance with the provisions of the Legal Metrology Act, 2009 and the Legal Metrology (Packaged Commodities) Rules, 2011, and provided the supply is intended for consumption by such institutions.

Question No.2. Whether supply of frozen chicken [HSN 0207 1200 & HSN 0207 1400] contained in a wholesale bag of 30 Kgs containing 15 small packs of 2Kgs each made to a distributor who would further supply to institutional consumers such as The Indian Army, Ministry of Defense and Taj Kerala Hotel & Resorts Ltd (Gateway, Varkala) etc.is exempted vide Sl. No. 9 of Notification 2/2017-CT (R) against HSN 0207, "All goods other than fresh or chilled, other than pre-packaged and labelled"?

Ruling- The items are exempted under Sl. No. 13 of Notification No. 2/2017– Central Tax (Rate), provided they are supplied for consumption by institutional consumers and such supply complies with the provisions of the Legal Metrology Act, 2009, read with the Legal Metrology (Packaged Commodities) Rules, 2011.

Question No.3. The rate of tax for supply of frozen chicken [HSN 0207 1200 & HSN 0207 1400] contained in a wholesale bag of 30 Kgs containing 15 small packs of 2Kgs each when made to non- institutional consumers.

Ruling- The supply of frozen chicken [HSN 02071200 & 02071400] in wholesale bags containing smaller 2 kg packs, when made to non-institutional consumers, shall attract GST at the rate of 5% (2.5% CGST + 2.5% SGST).

OFFICE OF THE COMMISSIONER STATE G.S. THIRUVANANTHAPURAM

AUTHORITY FOR ADVANCE RULING GST KERALA

Jomy Jacob IRS
Addl. Commissioner of Central Tax
Member

Mansur M.I.
Joint Commissioner of State Tax
Member

To,

M/s. RAMDHARSAN THANIKACHALAM

8/162 VEE GEE S PREMISES, POLLACHI ROAD KOZHINJAMPARA,

Palakkad 678555.

Copy submitted to:

1. The Chief Commissioner of Central Tax and Central Excise, Thiruvananthapuram Zone, C.R.Building, I.S.Press Road, Cochin-682018. [E-mail ID: cccochin@nic.in; ccu-cexcok@nic.in]
2. The Commissioner of State Goods and Services Tax Department, Tax Towers, Karamana, Thiruvananthapuram– 695002.[email: cst.sgst@kerala.gov.in].
3. The Commissioner of Central GST and Central Excise, Calicut Commissionerate.

Copy to:

1. The Joint Commissioner, TPS, HQ, Thiruvananthapuram.
2. The Deputy Commissioner, ITMD, Thiruvananthapuram.
3. The State Tax Officer, Tax Payer Services Circle, Kakkanad (emailtpsckknd.sgst@kerla.gov.in)
4. The Supdt. of Central Tax, Kakkanadu Range-4, Kakkanadu Division.

AUTHORITY FOR ADVANCE RULING
GST KERALA