

**THE AUTHORITY FOR ADVANCE RULING IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU - 560 009**

F. No. KAR. AAR 21/2026

Order No. KAR.ADRG 21/2026

Dated.16.03.2026

Present:

1. **Shri. Kalyanam Rajesh Rama Rao**
Additional Commissioner of Customs & Indirect Taxes ...Member (**Central**)
2. **Shri. Sivakumar S Itagi**
Additional Commissioner of Commercial Taxes ...Member (**State**)

1.	Name and address of the applicant	M/s. M11 Energy Transition Pvt. Ltd., # No.389, MB Road, Kaveri Layout, MK Agrotech, Srirangapatna, Mandya- 571438.
2.	GSTIN or User ID	29AANCM2050L1Z4
3.	Date of filing of Form GST ARA-01	02.05.2025
4.	Represented by	C.A Akbar Basha, Authorised Representative vide letter dated 09.01.2026
5.	Jurisdictional Authority - Centre	The Commissioner of Central Tax, Mysore Commissionerate, Siddartha Nagar, Mysore- 570011.
	Jurisdictional Authority - State	ACCT, LGSTO-215, Mandya-571402.
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act & Rs.5,000/- under KGST Act through debit from Electronic Cash Ledger vide reference No. DC2905250003815 dated 02.05.2025.

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 & UNDER
SECTION 98(4) OF THE KGST ACT, 2017**

M/s. M11 Energy Transition Pvt. Ltd., (herein after referred to as '**Applicant**') NO.389, MB Road, Kaveri Layout, MK Agrotech, Srirangapatna, Mandya- 571438, having GSTIN 29AANCM2050L1Z4, have filed an application for Advance Ruling under Section 97 of the CGST Act, 2017 read with Rule 104 of CGST Rules, 2017 and Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules, 2017.

2. The applicant is engaged in the manufacture of high-quality biodiesel from used cooking oil procured from various sources such as restaurants, households, events, manufacturing units, and institutions. The said activity



contributes to waste reduction and mitigation of carbon emissions and is in consonance with the objectives of the Government of India's National Policy on Biofuels, 2022, which, inter alia, encourages the blending of biodiesel with High Speed Diesel (HSD) to reduce the carbon footprint and promote sustainable energy practices.

3. Further, the applicant submits that the use of used cooking oil for conversion into biodiesel is expressly permitted under the Government of India's National Policy on Biofuels, 2022. In this regard, reliance is placed on Clause 3.2(iii) and Clause 5.2 of the said Policy, which recognize and promote the utilization of waste-based feedstock for biodiesel production. The applicant operates a manufacturing facility spread over more than 100 acres of land and has an installed capacity to produce approximately 450 tonnes of biodiesel per day. In the course of its operations, the applicant has identified new business opportunities involving the blending of biodiesel with High-Speed Diesel (HSD) in varying proportions and supplying the blended fuel, in bulk packs, as an alternative fuel to large fleet operators.

4. In view of the above facts, the applicant has sought an advance ruling to determine the appropriate HSN Code under which the supply of the various diesel and biodiesel blends would fall: -

- (a) B20 (Biodiesel 20% + HSD 80%)
- (b) B30 (Biodiesel 30% + HSD 70%)
- (c) B40 (Biodiesel 40% + HSD 60%)
- (d) B50 (Biodiesel 50% + HSD 50%)
- (e) B60 (Biodiesel 60% + HSD 40%)
- (f) B70 (Biodiesel 70% + HSD 30%)

5. **Admissibility of the Application:** - The applicant, under column 13 of the application ARA-01, selected the issue "**Classification of any goods or services or both**", which is covered under Section 97(2) (a) and hence the instant application is admissible.

6. **BRIEF FACTS OF THE CASE:** The applicant furnishes the following facts relevant to the issue:

6.1 The applicant submits that its manufacturing plant located at Padubidri is equipped with advanced technology and robust quality control mechanisms



for the conversion of used cooking oil into clean and renewable biodiesel. The applicant procures used cooking oil from diverse sources, including:

- (a) Restaurants and food service establishments;
- (b) event management and catering companies;
- (c) food manufacturing units;
- (d) local residents and community collection points; and
- (e) educational institutions and healthcare facilities.

6.2 The applicant further submits that the biodiesel manufactured by it is suitable for, and supplied for, a wide range of end-use applications, inter alia:

- (a) transportation;
- (b) agricultural operations;
- (c) residential and commercial heating;
- (d) marine applications;
- (e) power generation; and
- (f) industrial processes.

6.3 The applicant states that it aggregates used cooking oil from more than 7,000 collection points across various regions. In order to ensure efficient logistics and supply chain management, the applicant operates ten warehouses and maintains dedicated storage tanks in close proximity to Mangalore Port, thereby facilitating seamless import and export operations.

7. Applicant's Interpretation of Law: - The applicant submits interpretation of law along with the facts of the case are as discussed: -

7.1 The applicant submits that the classification of goods for the purposes of GST is governed by the provisions of the Customs Tariff Act, 1975, which is aligned with the Harmonised System of Nomenclature (HSN) developed by the World Customs Organization. Accordingly, the Rules for the Interpretation of the First Schedule to the Customs Tariff Act, 1975, including the relevant Section Notes, Chapter Notes and the General Explanatory Notes, are applicable for the interpretation of the GST Tariff and the corresponding rate notifications. Based on the aforesaid principles, the applicant is of the view that the products under consideration are classifiable under HSN 2710 20 20 and HSN 3826 00 00 based on the biodiesel blend percentage in terms of the interpretative principles laid



down under Rule 3(2) of the General Rules for the Interpretation of the First Schedule, for the reasons elaborated hereinafter.

7.2 It is further contended that tariff item 2710 20 20 specifically covers B20, being a blend consisting of 20% biodiesel and 80% High Speed Diesel. Accordingly, the applicant submits that the supply of B20 is not liable to GST. In support of the said contention, the applicant has reproduced the relevant extracts of the Chapter, heading, sub-heading and tariff item of the Customs Tariff.

The applicant further submits that Chapter 27 of the Customs Tariff covers mineral fuels, mineral oils and products of the distillation of bituminous substances. The said Chapter specifically includes various automobile fuels such as petrol, diesel, kerosene, ethanol-blended fuels, liquefied natural gas (LNG) and petroleum crude. Since B20 is also intended for use as an automobile fuel, particularly in heavy-duty vehicles such as trucks and buses, it is contended that Chapter 27 constitutes the most appropriate and specific Chapter for the classification of B20.

7.2.1 Further, the applicant refers to Heading 2710, which covers products containing 70% or more by weight of petroleum oils or oils obtained from bituminous minerals. Since B20 contains 80% High Speed Diesel, which exceeds the prescribed threshold of 70%, it is contended that Heading 2710 is applicable to the biodiesel blend B20.

The applicant further refers to sub-heading 2710 20, which specifically covers products containing by weight 70% or more of petroleum oils and also containing biodiesel. As B20 satisfies both the aforesaid conditions, it is contended that the said product is classifiable under sub-heading 2710 20.

The applicant further places reliance on tariff item 2710 20 20, which covers diesel fuel blends containing biodiesel in the range of 6% to 20%. Since B20 consists of exactly 20% biodiesel and 80% High Speed Diesel, it is contended that tariff item 2710 20 20 represents the most appropriate and specific classification for B20 under the GST framework.

Accordingly, the applicant submits that tariff item 2710 20 20 squarely covers the product B20 (20% biodiesel and 80% High Speed Diesel) and, being a non-GST product specified under Chapter 27, the said product is not leviable to GST.



7.3 With respect to B30, B40, B50, B60 and B70, the applicant submits that in each of these biodiesel blends, the petroleum oil content does not exceed 70% by weight and that biodiesel constitutes a substantial and predominant component of the product.

7.4 The applicant places reliance on tariff item 3826 00 00, which covers "*Biodiesel and mixtures thereof, not containing or containing less than 70% by weight of petroleum oils or oils obtained from bituminous minerals.*" It is submitted that all the aforesaid biodiesel blends satisfy the conditions prescribed under the said tariff item.

7.5 Accordingly, the applicant contends that B30, B40, B50, B60 and B70 are classifiable under HSN 3826 00 00 and are liable to GST at the applicable rate under the GST framework.

PERSONAL HEARING PROCEEDINGS HELD ON 16.01.2026

8. C.A Akbar Basha, Authorised Representative of the applicant, appeared for personal hearing proceedings and reiterated the facts narrated in their application. Further, the applicant submitted synopsis of the case along with relevant notifications and explanatory notes.

FINDINGS & DISCUSSION

9. *At the outset we would like to make it clear that the provisions of the CGST Act, 2017 and the KGST Act, 2017 are in pari materia and have the same provisions in like matters and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.*

10. We have carefully examined the submissions made by the applicant, the documents placed on record and arguments made by the applicant during personal hearing, the relevant provisions of the Customs Tariff Act, 1975, the Central Goods and Services Tax Act, 2017, the GST rate notifications, the Harmonised System of Nomenclature (HSN) Explanatory Notes.

11. It is a settled legal position that the tariff item, sub-heading, heading and Chapter specified in GST Rate Notification No. 01/2017-Central Tax (Rate) dated



28.06.2017 shall have the same meaning as assigned to them in the First Schedule to the Customs Tariff Act, 1975. Paragraphs 3 and 4 of the Explanation to the said notification expressly provide that the rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975, including the relevant Section Notes, Chapter Notes and the General Explanatory Notes, shall, so far as may be, apply to the interpretation of the said notification.

Accordingly, the Customs Tariff Act, 1975 operates as the statutory framework for classification of goods under GST, and the GST Tariff follows the HSN-based classification adopted therein. Thus, where a product is classifiable under a particular HSN code in the Customs Tariff, the same classification ordinarily applies for GST purposes. However, while the Customs Tariff Act governs the classification of goods, the levy of tax, applicable rate, and availability of exemption under GST are determined by the provisions of the CGST Act, 2017 and the relevant GST rate or exemption notifications.

12. The issue for determination before this Authority is the classification of blended products comprising Biodiesel and High-Speed Diesel (HSD) in varying proportions, namely B20, B30, B40, B50, B50, B60 and B70.

13. It is pertinent to note that under the GST regime, specified petroleum products, including High-Speed Diesel, have been consciously kept outside the levy of GST. This exclusion, however, is product-specific and does not automatically extend to all blends or mixtures containing petroleum oils. The Customs Tariff, which is adopted for GST classification purposes, draws a clear statutory distinction between petroleum-dominant fuels falling under Chapter 27 and biodiesel and its mixtures falling under Chapter 38.

14. The chapter, heading, subheading of Chapter 27 and 38 of GST Tariff and related their Notes and sub-heading Notes are re-produced below for better understanding the issue on questions.

14.1 Chapter 27 of the GST Tariff Covers *“Mineral fuels, mineral oils and products of their distillation; Bituminous substances; Mineral waxes.*



Heading 2710 Covers "Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waster oil."

Sub heading 271020 Covers "Petroleum oils and oils obtained from bituminous minerals (other than crude) and preparations not elsewhere specified or included, containing by weight **70% or more of petroleum oils** or oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, **containing biodiesel other than waster oil.**

Further the sub heading 271020 divided in 3 tariff item which is reproduced below: -

Tariff Item	Description of goods
27102010	Automotive diesel fuel, containing biodiesel, conforming to Standard IS 1460
27102020	Diesel fuel blend (B6 to B20) conforming to standards IS 16531
27102090	Others.

As per Notes No. 2 to this Chapter, References in heading 2710 to "Petroleum oils and oils obtained from bituminous minerals include not only petroleum oil and oils obtained from bituminous minerals but also similar oils, as well as those consisting mainly of mixed unsaturated hydrocarbons, obtained by any process, provided that the weight of the non-aromatic constituents exceeds that of the aromatic constituents.

Further as per Sub-heading Notes No. 5 of this Chapter, the term "biodiesel" means mono-alkyl esters of fatty acids or a kind used as a fuel, derived from animal, vegetable or microbial fats and oils whether or not used.



14.2 Chapter 38 of the GST Tariff Covers “Miscellaneous Chemical Products”

Chapter/Heading/Sub heading/tariff item of Chapter 38 of GST tariff is reproduced below:

Chapter/Heading/Sub Heading/Tariff item	Description of goods
38260000	<i>Biodiesel and mixtures thereof, not containing or containing less than 70% by weight of petroleum oils and oils obtained from bituminous minerals.</i>

14.3 Further, the *Explanatory Notes to the Harmonised Commodity Description and Coding System (HSN)* issued by the *World Customs Organization (WCO)*, under *Chapter Heading 2710*, clarify the scope of the said heading. Heading 2710 includes the following categories of products:

(A) “Toped Crudes”

(B) Similar Oils in which the weight.....

(C) The Oils described in (A) and (B) above to which various substances have been added to render them suitable for particular uses, provided the products contain by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals as a basis and that they are not covered by a more specific heading in the Nomenclature.

Examples of the types of the products referred to are -

(1) Petroleum Spirit....

(2) Lubricants.....

(3) Transformer and Circuit –breaker oil.....

(4) Cutting oils.....

(5) Cleansing oils.....

(6) Mould release oils.....

(7) Liquids for hydraulic breaks.....

(8) Blend of Biodiesel, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals. However, biodiesel and its blends, containing less than 70% by weight of petroleum oils or of oils obtained from bituminous minerals, fall in heading 38.26



14.4 Further, in Explanatory notes of Harmonized Commodity Description and Coding systems issued by World Customs Organization, states that Chapter Heading 38.26 includes:

38.26:-“Biodiesel and mixtures thereof, not containing or containing less than 70% by weight of petroleum oils or oils obtained from bituminous minerals.”

Biodiesel consists of mono-alkyl esters of fatty acids of various chain lengths, immiscible with water, with a high boiling point, low vapour pressure and a viscosity similar to that of diesel oil produced from petroleum. Biodiesel is typically made by a chemical process called transesterification, whereby the fatty acids in oils or fats react with an alcohol (usually methanol or ethanol) in the presence of a catalyst to form the desired esters.

It can be obtained from vegetable oils (e.g., rapeseed, soya-bean, palm, sunflower, cotton-seed, jatropha), from animal fats (e.g., lard, tallow) **or from used oils** or fats (e.g., frying oils, recycled cooking grease).

Biodiesel itself contains neither petroleum oils nor oils obtained from bituminous minerals but can be mixed or blended with distillate fuels obtained from petroleum or bituminous minerals (e.g., diesel, kerosene, heating oil). Biodiesel can be used as fuel for compression-ignition internal combustion piston engines, production of thermal energy or similar uses.

This heading excludes:-

(a) **Mixtures containing, by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals (heading 27.10).**

(b) Products derived from vegetable oils, which have been fully deoxygenated and consist only of aliphatic hydrocarbon chains (heading 27.10).

14.5 In view of the foregoing discussion, the applicable statutory provisions, the Rules for the Interpretation of the Customs Tariff, and the Explanatory Notes to the Harmonised System of Nomenclature issued by the World



Customs Organization, it is conclusively held that **biodiesel blends containing 70% or more by weight of petroleum oils or oils obtained from bituminous minerals** are squarely classifiable under **Heading 2710** of the **First Schedule to the Customs Tariff Act, 1975**, which is **pari materia with the GST Tariff**. Consequently, the said goods are correctly classifiable under **GST Tariff Heading 2710**.

It is further held that biodiesel mixtures/blends containing **70% or more by weight of petroleum oils or oils obtained from bituminous minerals** are appropriately classifiable under **Sub-heading 271020**.

14.6 Accordingly, the biodiesel mixtures containing:

- (i) **Biodiesel 20% and HSD 80%**, and
 - (ii) **Biodiesel 30% and HSD 70%**,
- fall under **Sub-heading 271020**.

14.7 On perusal of the tariff items under Sub-heading **271020**, it is observed that the said sub-heading comprises **three tariff items**, as detailed in paragraph **15.1 supra**. Among these, **tariff item 27102020** specifically covers **"Diesel fuel blend (B6 to B20) conforming to standards IS 16531"**. Accordingly, **diesel fuel blend B20**, conforming to **IS 16531**, is classifiable under **tariff item 27102020**.

14.8 However, there is **no specific tariff entry** under Sub-heading 271020 covering biodiesel blends containing **30% biodiesel (B30)**. In the absence of a specific tariff entry for such blends under Heading 2710, the said product is appropriately classifiable under the **residual tariff item 2710 20 90**, namely **"Other petroleum oil preparations"**.

14.9 It is further held that **biodiesel and its blends containing less than 70% by weight of petroleum oils or oils obtained from bituminous minerals** are **specifically excluded from Heading 2710** in terms of the HSN Explanatory Notes and are therefore classifiable under **Heading 3826** of the Customs Tariff and the corresponding **GST Tariff Heading 3826**. So Biodiesel



mixture containing less than 70% by weight of petroleum oils or oils obtained from bituminous minerals are falls under tariff item 38260000. Accordingly, this Authority holds that mixture of Biodiesel namely B30, B40, B50, B60 and B70 merit classification under HSN 3826 00 00.

15. In view of the foregoing, we pass the following.

R U L I N G

1. **Biodiesel blends containing Biodiesel 20% and HSD 80% (B20), conforming to IS 16531, are classifiable under Sub-heading 271020, specifically under tariff item 27102020, namely "Diesel fuel blend (B6 to B20) conforming to standards IS 16531".**
2. **Biodiesel blends containing Biodiesel 30% and HSD 70% (B30) are classifiable under Sub-heading 271020. In the absence of a specific tariff item covering biodiesel blends beyond B20 under Heading 2710, the said product is classifiable under the residual tariff item 2710 20 90, namely "Other petroleum oil preparations".**
3. **Biodiesel blends B40, B50, B60 and B70, containing less than 70% by weight of petroleum oils or oils obtained from bituminous minerals, are classifiable under Chapter Heading 3826, and specifically under tariff item 38260000, namely "Biodiesel and mixtures thereof, not containing or containing less than 70% by weight of petroleum oils or oils obtained from bituminous minerals".**

(Kalyanam Rajesh Rama Rao)

Member
MEMBER

Karnataka Advance Ruling Authority

Bengaluru - 560 009

Place: Bengaluru,

Date: 16.03.2026

(Sivakumar S Itagi)

Member
MEMBER

Karnataka Advance Ruling Authority

Bengaluru - 560 009

To,
The Applicant,

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Commissioner of Central Tax, Mysore GST Commissionerate, Mysore.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-215, Mandya.
5. Office Folder.

