



RAJASTHAN AUTHORITY FOR ADVANCE RULING  
GOODS AND SERVICES TAX, KAR BHAWAN, AMBEDKAR CIRCLE,  
NEAR RAJASTHAN HIGHCOURT  
JAIPUR – 302005 (RAJASTHAN)



ADVANCE RULING NO. RAJ/AAR/2023-24/09

Mahipal Singh Additional Commissioner	:	Member (Central Tax)
Mahesh Kumar Gowla Additional Commissioner	:	Member (State Tax)
Name and address of the applicant	:	M/s DINDAYAL COLLOIDS PRIVATE LIMITED, F-150-153, AGRO FOOD PARK, BORANADA, JODHPUR-342102, RAJASTHAN
GSTIN of the applicant	:	08AAECD1313J1ZY
Clause(s) of Section 97(2) of CGST/SGST Act, 2017, under which the question(s) raised	:	(a) Classification of any goods or services or both
Date of Personal Hearing	:	08.01.2024
Present for the applicant	:	Shri Arun Patni, C.A.
Date of Ruling	:	26.06.2024

**Note 1:** Under Section 100 of the CGST/SGST Act, 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling, constituted under Section 99 of CGST/SGST Act, 2017, within a period of 30 days from the date of service of this order.

**Note 2:** At the outset, we would like to make it clear that the provisions of both the CGST Act and the SGST 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 provision under the SGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST Act / SGST Act would be mentioned as being under the "GST Act".

The issue raised by M/s DINDAYAL COLLOIDS PRIVATE LIMITED, F-150-153, Agro Food Park, Boranada, Jodhpur-342102, Rajasthan (hereinafter "*the applicant*") is fit to pronounce advance ruling as it falls under the ambit of the Section 97(2)(a) given as under:

(a) Classification of any goods or services or both;

**A. SUBMISSION OF THE APPLICANT (in brief):-**

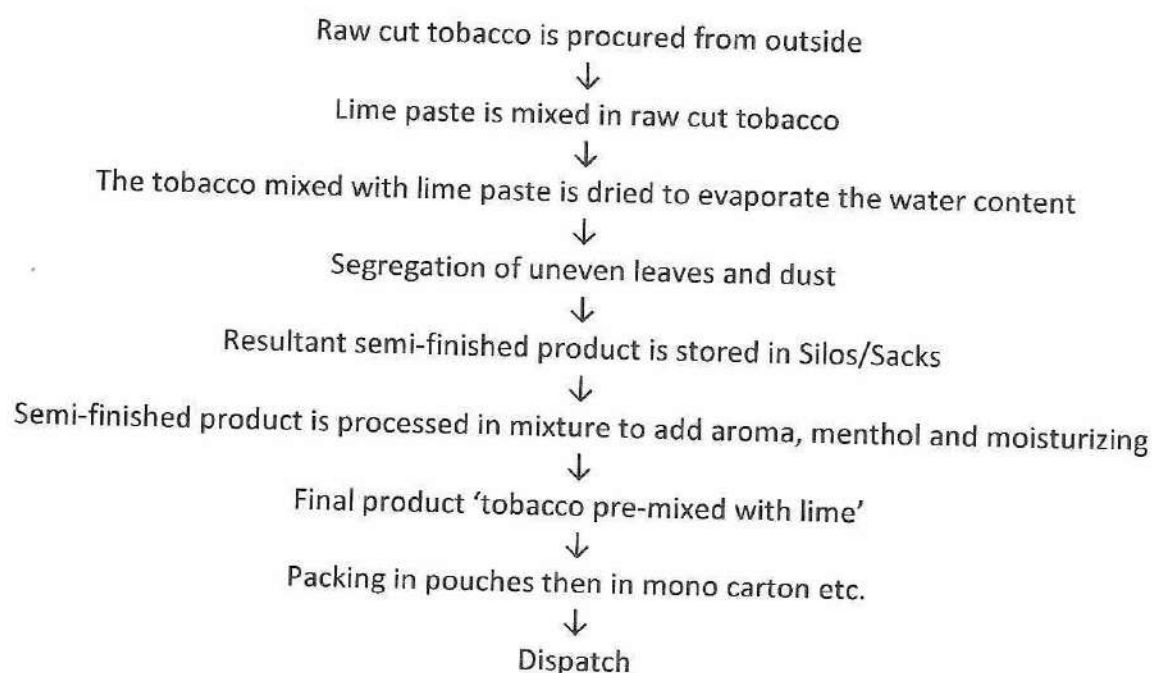
M/s Dindayal Colloids Private Ltd. (here-in-after referred to as the "applicant") are registered under GST having GSTIN 08AAECD1313J1ZY. Applicant wishes to manufacture 'Tobacco pre-mixed with lime' and supply the same after packing in pouches of different units under its brand. The manufacturing of 'Tobacco pre-mixed with lime' involves the following processes:

- Raw cut tobacco is procured in bulk quantity as a raw material;
- Lime paste is mixed with raw cut Tobacco and dried to evaporate the water content;

- c) After drying, the resulting semi-finished product is then stored in Silos/ sacks;
- d) Such semi-finished product is then processed in mixer to add aroma, mentha oil/ peppermint and moisture which becomes final product i.e. "Tobacco pre-mixed with lime" for packing in pouches and dispatch.

The principal content in 'tobacco pre-mixed with lime' manufactured as above is tobacco which is mixed with lime. Further, little aroma and mentha oil / peppermint is used for freshness and to avoid bad smell without which plain tobacco cannot be consumed. It is similar to the use of tobacco since ancient times by villagers and farmers where dried and cut leaves of tobacco are rubbed on palm with small quantity of lime and such rubbed tobacco mixed with lime is used by consumer.

In this regard, they submit that the manufacturing process was already given in Para 3 of their application. Same is given here below in the form of flowchart:



The approximate ratio of ingredients is given here below:

S. No.	Content	Approximate ratio
1.	Tobacco leaves	56%
2.	Moisture	24%
3.	Lime	20%

S. No.	Content	Approximate ratio
1	Tobacco leaves	60.0%
2	Water	30.0%
3	Lime	5.5%
4	Menthol & Aroma	0.5%
5	Moisturizer to prevent drying	4.0%

The above percentage may vary to the extent of 10%.

Further, the quantity of aroma, menthol is negligible in terms of weight hence not added above, though existing. Hope you would find above in order. That 'tobacco pre-mixed with lime' is nothing but unmanufactured tobacco (without lime tube) as per detailed submissions already made in the application.

Further, the applicant place reliance on Advance Ruling No. RAJ/AAR/2022-23/07 dated 01.06.2022 in the case of Gyankeer Products Pvt. Ltd. and AR No. RAJ/AAR/2022-23/16 dated 20.10.2022 in the case of Samanvay Packmark Pvt. Ltd. which classifies a similar product i.e. 'tobacco pre-mixed with lime' as unmanufactured tobacco classified under CTH 24012090. Ratio of above rulings squarely applies to our product because it is also same.

**B. INTERPRETATION AND UNDERSTANDING OF APPLICANT ON QUESTION RAISED (IN BRIEF)**

1. Applicant understands that Tobacco and unmanufactured tobacco substitutes are classified under Chapter 24 of the GST Tariff wherein *inter alia* Unmanufactured tobacco is classified under Heading 2401 chargeable to 28% GST with following two categories:

S. No.	Description
(1)	Unmanufactured Tobacco (without Lime tube)
(2)	Unmanufactured Tobacco (with Lime tube)

Unmanufactured tobacco with lime tube signifies those pouches where a tube of lime is put inside the pouch containing unmanufactured tobacco. As against this, 'unmanufactured tobacco without lime tube' signifies those products where it is sold without any lime tube i.e. no tube of lime is put inside the pouch. The product 'Tobacco pre-mixed with lime' supplied by us is more specifically falling under this category of 'Unmanufactured tobacco without lime tube' because we will not be selling any tube of lime inside our pouches.

Since, there are only two sub classification of unmanufactured tobacco, therefore, our product more appropriately falls under first category i.e. 'unmanufactured tobacco without lime tube'. It is submitted that it is a residual category where all unmanufactured tobacco would fall which are not containing lime tube and accordingly, tobacco pre-mixed with lime would also fall under this category as it is not containing any lime tube.

It is relevant to mention here that the tobacco leaves are never chewed/ used directly but same are mixed with lime and then only consumed. Either consumer mixes lime while consuming the tobacco or it is supplied to consumer pre-mixed with lime, there is no material change in the product, quality, price bracket and category of end user because product principally remains same i.e. 'unmanufactured tobacco' which falls under Heading 2401.



Our product is principally the same i.e. tobacco leaves and instead of subsequent mixing of lime by consumer it is already mixed with lime. Further, a little aroma and mentha oil / peppermint is used for freshness and to avoid bad smell. Despite this, the nature of the product is not altered and the consumer base remains the same i.e. farmer/ labour class. This tobacco is never used with Pan Masala and is never put in Pan.

2. On the other hand, there is another tobacco product in the market which is known and called as 'Zarda scented tobacco' which is a product used in Pan or Pan-Masala. Such tobacco product is classified under Heading 2403. Normally it contains less than half gram of tobacco and priced around Rs.10/- per pouch which means a cost in the range of Rs. 18,000/- to Rs. 20,000/- per kg on the basis of MRP. The quality of tobacco leaf is totally different and costly in this product which is evident from the high selling price of the product.

Further, it is highly scented and totally dry. Since, it is a costly product it is consumed by rich and elite class of people.

3. It is submitted that the basic points of difference between the above two categories of Tobacco products i.e. Unmanufactured Tobacco (with or without lime tube) and Chewing Tobacco which is basically known as 'Zarda Scented Tobacco' are as follows:

- a) **Contents and Composition:** The quality of tobacco leaves used in the Unmanufactured Tobacco product is totally different with the tobacco leaves used in the Chewing Tobacco or Zarda Scented Tobacco. Further, Zarda Scented Tobacco is highly scented and totally dry.
- b) **Price:** Where unmanufactured tobacco is priced at around Rs. 5 per pouch containing approximately 5-7 grams of tobacco, which means a cost in the range of Rs. 800/- to Rs. 1,200/- per Kg on MRP basis. On the contrary, chewing tobacco is priced around Rs.10/- per pouch containing approximately less than half gram of tobacco which means a cost in the range of Rs. 18,000/- to Rs.20,000/- per kg on the basis of MRP.
- c) **Usage:** Unmanufactured tobacco which either comes with lime tube or without lime tube is consumed directly after mixing lime in it whereas the chewing tobacco i.e. Zarda Scented Tobacco is used in Pan/ Pan Masala. It is submitted that the unmanufactured tobacco is never used in Pan/ Pan Masala.
- d) **Customer Base:** Since, unmanufactured tobacco is priced very cheap, the category of consumer of this product is the labour and farmer class or the Biri Sector whereas, chewing tobacco or Zarda Scented Tobacco is consumed by rich and elite class of people due to its high pricing.

4. It is submitted that in case of our product 'Tobacco pre-mixed with lime' principally the product is same as 'unmanufactured tobacco' with the only difference that lime will be already mixed in it and will be sold in pouches without the lime tube.

5. Further, the quality of tobacco leaves in our product is similar to the quality of leaves used in unmanufactured tobacco which keeps it within the same price range of unmanufactured tobacco.

6. Further, it is submitted that the making process and ingredients of our product is totally different from that of the chewing tobacco or the Zarda scented tobacco. Since, chewing tobacco is a costly product it is consumed by rich and elite class of people and therefore this product, as per classification, end use and class of consumer is totally different from that of our product 'tobacco pre-mixed with lime'.

7. It is submitted that presently 'tobacco pre-mixed with lime' does not fall under any of the specified categories in the schedule of levy of GST and Compensation Cess. It is further relevant to mention that there is no product like Chewing Tobacco (with lime tube or without lime tube). It is only unmanufactured tobacco, which is sold either as such or sold with additional lime tube or sold pre-mixed with lime. This aspect is missing in present Classification and therefore, our product most specifically falls under the category of unmanufactured tobacco without lime tube bearing a brand.

8. Considering the above facts and submissions, applicant submits that as per their understanding, the product 'Tobacco pre-mixed with lime' is classifiable under Heading 2401 along with Unmanufactured Tobacco.

**C. QUESTIONS ON WHICH THE ADVANCE RULING IS SOUGHT: -**

Classification and applicable rate of GST and/ or Compensation Cess on their product 'Tobacco pre-mixed with lime'.?

**D. PERSONAL HEARING**

In the matter, personal hearing was granted to the applicant on 08.01.2024. Shri Arun Patni, C.A. and Authorized Representative appeared for personal hearing. He reiterated the submission already made by them. He stated that they will submit the process flow chart with ingredients name and ratio within 10 days.

**E. COMMENTS OF THE JURISDICTIONAL OFFICER: -**

Comments received from the Joint Commissioner, State Tax, Circle-C, Jodhpur-II Rajasthan, vide letter JC-C/Jdh-II/2023-24/41 dated 04.05.2023 are as under: -

The facts provided by the applicant were studied and verified in the light of various advance ruling/ judgments. Physical verification of the declared business premises F-150-153, Agro Food Park, Boranada, Jodhpur was carried out and statement of one of the Company Director Shri SHAILESH KUMAR VYAS was recorded and understood process of manufacturing.

(A) Factual report

(i) M/s Dindayal Colloids P. Ltd was engaged in manufacturing of Guar Dal and Guar Powder (Guar Gum) before 4 to 5 years. Stock of Guar Seed and Guar Powder is held at the premises at the time of physical verification.

(ii) Machinery for production of tobacco goods were not found to be installed and stock of raw material /finished/ semi-finished was not held in the premises at the time of physical verification.

(iii) The applicant has not declared commodity (tobacco) in their registration certificate.

(iv) Director Shri SHAILESH KUMAR VYAS stated that guar gum production has been stopped for last 4 to 5 years. They are planning to start manufacturing of 'pre-mixed lime tobacco product' at the same premises after the decision of Advance Ruling Authority.

(v) Manufacturing process as declared in application and told by Shri SHAILESH KUMAR VYAS is appended below:

-Raw cut tobacco is procured in bulk quantity and raw material.

-Lime paste is mixed with raw cut tobacco and dried to evaporate the water content.

-After drying the lime mixed tobacco is processed to segregate uneven leaves and dust.

-The resulting semi-finished product is then stored in silos/ sacks.

-Such semi-finished product is then processed in mixer to add aroma, menthol and moisturizing which becomes final product i.e. 'Tobacco premixed with lime' for packing in pouches and dispatch.

#### (B) Comments

(i) The applicant has not started manufacturing of 'tobacco pre-mixed with lime' as his declared business premises. So the comments on classification of goods are based on facts/details made available by the applicant in application filed in form GST ARA 01 before the Authority for Advance Ruling.

(ii) Described manufacturing process includes raw cut tobacco in bulk quantity, mixing of lime paste, drying to evaporate the water contents, segregation of uneven leaves, adding of menthol and aroma and moisturizing.

In this process mixing of lime in tobacco leaves does not alter the nature of product. Little amount of Aroma and Menthol is used for freshness and to avoid bad smell.

(iii) According to applicant quality of tobacco leaves used in unmanufactured tobacco product is totally different from tobacco leaves used in Chewing Tobacco/ Zarda Scented Tobacco. The zarda scented tobacco usually costs in the range of Rs. 18000 to 20000 per kg on the basis of MRP whereas unmanufactured tobacco costs in the range of Rs. 800 to 1200 per kg on MRP basis. 'Tobacco pre-mixed with lime' cannot be used in Pan /Pan Masala like Chewing Tobacco/ Zarda Scented Tobacco. Since unmanufactured tobacco's price is very cheap, category of consumers of this product is labour class whereas consumer class of Chewing Tobacco/ Zarda Scented Tobacco is elite class.

(iv) Submitting the above facts the applicant is in opinion that the product Tobacco pre-mixed with lime' is classifiable under heading 2401 along with unmanufactured tobacco.

S.No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
(1)	(2)	(3)
5.	2401	Unmanufactured tobacco (without lime tube) bearing a brand name
6.	2401	Unmanufactured tobacco (with lime tube) - bearing a brand name

#### Conclusion:

The applicant M/s Dindayal Colloids P. Ltd bearing GSTIN 08AAECD1313J1ZY w.e.f. 01.07.2017 has filed application u/r 104(1) for classification of goods u/s 97(2) before Authority for Advance Ruling, Rajasthan.

Unmanufactured tobacco without lime tube signifies those products where it is sold without lime tube i.e. no tube of lime is put inside the pouch whereas unmanufactured with lime tube signifies those products lime tube is put inside the pouch. Undersigned is of the opinion that the product 'tobacco premixed with lime' is specifically unmanufactured tobacco where the lime is mixed with tobacco raw cut leaves during the process. Lime tube is not put inside the pouch at the time of packing which keep out the product from Serial No. 6 (2401: Unmanufactured tobacco -with lime tube). It is classifiable under CTH-2401 (sl. No. 13) Notification No.1/2017-Central Tax (Rate) Schedule IV and Notification No.1/2017-Compensation Cess (Rate), (Sl. No. 5) dated 28th June, 2017. Extract of related notifications is appended below: -

Extract of Notification No.1/2017-Central Tax (Rate) Schedule IV

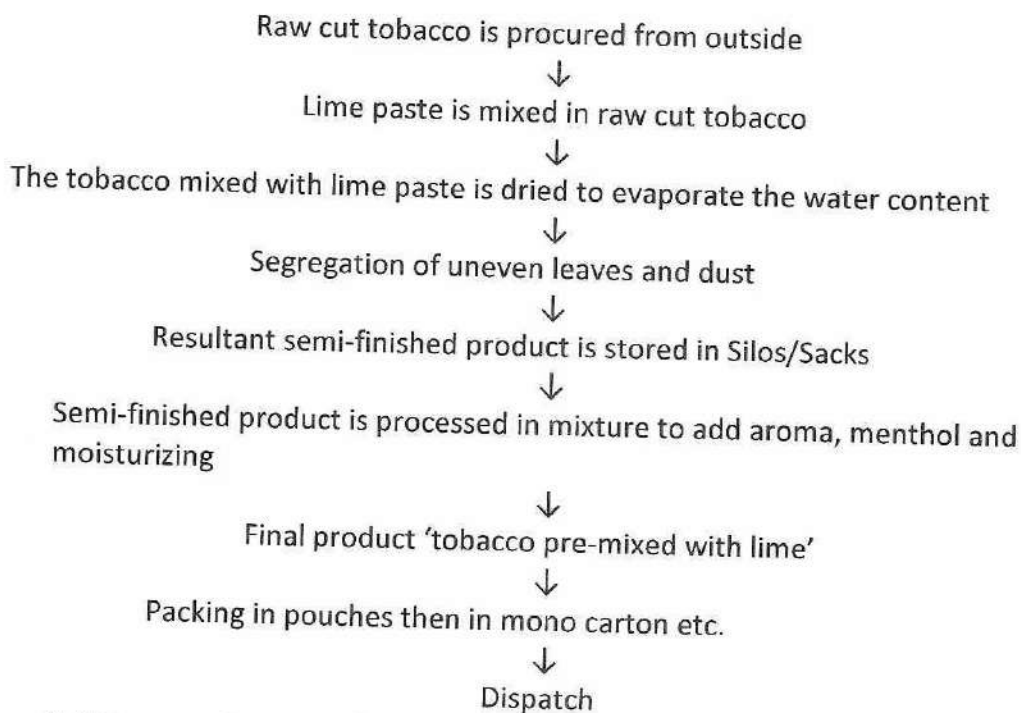
S.No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
(1)	(2)	(3)
13.	2401	Unmanufactured tobacco; tobacco refuse [other than tobacco leaves]

Extract of Notification No.1/2017-Compensation Cess (Rate) dated 28th June, 2017

S.No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
(1)	(2)	(3)
5.	2401 20 90	Unmanufactured tobacco; Tobacco refuse ---other

**F. FINDINGS, ANALYSIS & CONCLUSION:**

- 1) We have carefully examined the statement of facts, supporting documents filed by the applicant along with the application, oral and written submissions made at the time of hearing and the comments of the Jurisdictional Authority. We have also considered the issues involved, on which advance ruling is sought by the applicant, and relevant facts.
- 2) The Applicant wants to start supply of a product which they claim to be Unmanufactured Tobacco and therefore to be classified under HSN 24012090.
- 3) The question on which Advance Ruling has been sought by the Applicant is-  
Classification and applicable rate of GST and/ or Compensation Cess on their product named as 'Tobacco pre-mixed with lime'.?
- 4) The manufacturing process to be adopted by the Applicant for supply of aforesaid product is as under-



- 5) In the present case we have to decide the classification and applicable rate of GST and/ or Compensation Cess for the product to be manufactured as 'Tobacco pre-mixed with lime'.
- 6) Before we proceed further, it would be proper in the fitment of justice to discuss the relevant provisions of the statute which are as under:
- 7) Under GST, the applicable rates of CGST are notified by Notification No. 1/2017-C.T. (Rate), dated 28-6-2017 and in terms of explanation (iii) and (iv) to the said Notification,

(iii) "Tariff item", "sub-heading" "heading" and "Chapter" shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).



(iv) The rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.

Thus for the purposes of classification under GST, the First Schedule to Customs Tariff Act is only applicable. Further the first schedule to the Customs Tariff Act, 1975, and the Rules of interpretation therein are to be followed for classifying a product, in terms of Explanation 1 and 2 to Notification No. 1/2017-Compensation Cess (Rate), dated 28-6-2017.

Chapter 24 of Customs Tariff is as under: -

#### **CHAPTER 24**

**Tobacco and manufactured tobacco substitutes; products, whether or not containing nicotine, intended for inhalation without combustion; other nicotine containing products intended for the intake of nicotine into the human body**

Note:

- (1) This Chapter does not cover medicinal cigarettes (Chapter 30).
- (2) Any products classifiable in heading 2404 and any other heading of the Chapter are to be classified in heading 2404.
- (3) For the purposes of heading 2404, the expression —inhalation without combustion means inhalation through heated delivery or other means, without combustion.

#### **SUB-HEADING Note:**

For the purposes of sub-heading 2403 11, the expression —water pipe tobacco means tobacco intended for smoking in a water pipe and which consists of a mixture of tobacco and glycerol, whether or not containing aromatic oils and extracts, molasses or sugar, and whether or not flavoured with fruit. However, tobacco-free products intended for smoking in a water pipe are excluded from this sub-heading.

#### **SUPPLEMENTARY NOTES:**

For the purposes of this Chapter:

- (1) —tobacco means any form of tobacco, whether cured or uncured and whether manufactured or not, and includes the leaf, stalks and stems of the tobacco plant, but does not include any part of a tobacco plant while still attached to the earth.
- (2) —cut-tobacco means the prepared or processed cut-to-size tobacco which is generally blended or moisturised to a desired extent for use in the manufacture of machine - rolled cigarettes.

(3) —smoking mixtures for pipes and cigarettes of sub-heading 2403 10 does not cover —  
“Gudaku”.

8) The Customs Tariff Classification in respect of Chapter 2401 are reproduced below for reference:

2401		UNMANUFACTURED TOBACCO; TOBACCO REFUSE
2401 10	-	Tobacco, not stemmed or stripped :
2401 10 10	---	Flue cured virginia tobacco
2401 10 20	---	Sun cured country (natu) tobacco
2401 10 30	---	Sun cured virginia tobacco
2401 10 40	---	Burley tobacco
2401 10 50	---	Tobacco for manufacture of biris, not stemmed
2401 10 60	---	Tobacco for manufacture of chewing tobacco
2401 10 70	---	Tobacco for manufacture of cigar and cheroot
2401 10 80	---	Tobacco for manufacture of hookah tobacco
2401 10 90	---	Other
2401 20	-	Tobacco, partly or wholly stemmed or stripped :
2401 20 10	---	Flue cured virginia tobacco
2401 20 20	---	Sun cured country (natu) tobacco
2401 20 30	---	Sun cured virginia tobacco
2401 20 40	---	Burley tobacco
2401 20 50	---	Tobacco for manufacture of biris
2401 20 60	---	Tobacco for manufacture of chewing tobacco
2401 20 70	---	Tobacco for manufacture of cigar and cheroot
2401 20 80	---	Tobacco for manufacture of hookah tobacco
2401 20 90	---	Other
2401 30 00	-	Tobacco refuse

9) CTH 2403 covers “Other manufactured tobacco and Manufactured Tobacco substitutes; “Homogenised” or “Reconstituted” Tobacco; Tobacco Extracts and Essences”. CTH 2403 99 10 - covers ‘Chewing Tobacco’.

2403		OTHER MANUFACTURED TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES; “HOMOGENISED” OR “RECONSTITUTED” TOBACCO; TOBACCO EXTRACTS AND ESSENCES
	-	Smoking tobacco, whether or not containing tobacco substitutes in any proportion :
2403 11	--	Water pipe tobacco specified in Sub-heading Note to this Chapter :
2403 11 10	---	Hookah or gudaku tobacco

2403 11 90	--- Other
2403 19	-- Other :
2403 19 10	--- Smoking mixtures for pipes and cigarettes
	--- Biris :
2403 19 21	--- Other than paper rolled biris, manufactured without the aid of machine
2403 19 29	--- Other
	-
2403 19 90	--- Other
	- Other :
2403 91 00	-- "Homogenised" or "reconstituted" tobacco
2403 99	-- Other :
2403 99 10	--- Chewing tobacco
2403 99 20	--- Preparations containing chewing tobacco
2403 99 30	--- Jarda scented tobacco
2403 99 40	--- Snuff
2403 99 50	--- Preparations containing snuff
2403 99 60	--- Tobacco extracts and essence
2403 99 70	--- Cut-tobacco
2403 99 90	--- Other

- 10) The applicant has submitted that their product to be supplied is basically tobacco. Such raw tobacco leaves are not consumed without mixing it with lime and in their product the lime is in pre mixed condition.
- 11) As per submission of applicant, they will purchase dried and cut tobacco in which lime pest would be mixed and thereafter it will be dried, impurities and dust will be removed and then it will be stored in jute bags. Further, while packing moisture would be added so that it does not remain dried. It will be finally packed in pouches for use by consumers.
- 12) The contention of the applicant that their product to be supplied is classifiable under Heading 2401 chargeable to 28% GST is not tenable as the Board has clarified vide Circular F. No. 81/5/87-CX.3, dated 23-6-1987 that the tobacco merely broken by beating and then sieved and packed in retail packets with or without brand name for consumption as chewing tobacco, which may be commonly known in the market as "Zarda" would be appropriately classifiable under Heading No. 2401 of the Schedule to the Central Excise and Tariff Act, 1985 unmanufactured tobacco. Whereas, in the instant case, the applicant would mix raw cut tobacco and lime and other ingredients such as aroma, menthol/peppermint and moisturizing in raw cut tobacco that involving a process and therefore resulting into a different product with different character and properties.
- 13) The definition of 'Manufacture' under the GST law is defined under Section 2(72) as:  
 "manufacture" means processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term "manufacturer" shall be construed accordingly;  
 Thus, any process on the raw material resulting in emergence of a new product with

a distinct name, character and use is defined as 'manufacture' under GST.

- 14) We find that under Notification No. 01/2017-Centra Tax (Rate) no definition of manufactured or unmanufactured tobacco has been provided and accordingly we have to mainly rely upon the decision of Hon'ble Court and the Tribunals decisions in the matter. There is no doubt that chewing tobacco may be both manufactured and unmanufactured. The difference between the manufactured and unmanufactured tobacco is dependent on the process being undertaken to prepare the product. In the present case the process being undertaken by the Appellant involves mixing of Lime paste in raw cut tobacco, evaporation of the water content from the said tobacco mixed with lime paste, addition of aroma, menthol and moisturizer.

We relied upon the decision of the Apex Court in the State of Madras Vs Bell mark Tobacco Company [(loss) (SC) -1966-10.4] dated 04.10.1966 wherein it was held by the Hon'ble Court that cumulative effect of various processes to which Tobacco was subjected, before it was sold, amount to the manufacturing process.

In the instant case also the cumulative effect of various processes i.e. mixing of Lime paste in raw cut tobacco, evaporation of the water content from the said tobacco mixed with lime paste, addition of aroma, menthol and moisturizer amounts to the manufacturing process and the same is resulting in a new distinct marketable product.

- 15) We find in the instant case that mixing lime and other ingredients with the tobacco leaves would result into emergence of a new product with distinct name and character. Thus, it is evident that the raw material undergoes a set of processes and emerges as a distinct product which makes it marketable/consumable for the chewing needs. Therefore, the product to be supplied by the applicant is "manufactured tobacco product for chewing". Once, it is decided that the product is 'manufactured chewing tobacco', the classification of the product merit under CTH 2403 99 10 which specifies 'chewing tobacco' under the head "2403-Other manufactured tobacco and manufactured tobacco substitutes.
- 16) The Applicant has placed reliance on Advance Ruling No. RAJ/AAR/2022-23/07 dated 01.06.2022 in the case of Gyankeer Products Pvt. Ltd. and AR No. RAJ/AAR/2022-23/16 dated 20.10.2022 in the case of Samanvay Packmark Pvt. Ltd. which classifies a similar product i.e. 'tobacco pre-mixed with lime' as unmanufactured tobacco classified under CTH 24012090. In this context, we find it pertinent to mention here that in both the cases the product i.e. tobacco pre-mixed with lime was classified as 24012090. But in both the cases, investigation was conducted and sample were sent to the CRCL New Delhi and in both the cases they have reported that product manufactured by them is preparations containing tobacco i.e. manufactured tobacco.
- 17) In view of the above, we hold that the product to be supplied by the applicant as mentioned above is manufactured tobacco classifiable under 24039910.



- 18) The rates of GST for the aforesaid product in term of Schedule IV (Sr.No.15) of [Notification No. 1/2017-CT(R) dated 28.06.2017] is as under-

Schedule	HSN	Product Description	Rate of GST
Schedule IV Sl. No. 15	2403	Other manufactured tobacco and manufactured tobacco substitutes;  -Homogenised or  -reconstituted tobacco; tobacco extracts and essence[Including Biris]	@ 28% (14% CGST+ 14% SGST)

- 19) The relevant rates of GST Compensation Cess in respect of Tobacco covered under the heads are as under [Notification No. 1/2017- Compensation Cess (R) dated 28.06.2017]:

Sl. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of Goods & Service Tax Compensation Cess
(1)	(2)	(3)	(4)
5	2401	Unmanufactured Tobacco (without Lime tube)-bearing a brand name	71%
6	2401	Unmanufactured Tobacco (with Lime tube)-bearing a brand name	65%
7	2401 30 00	Tobacco refuse, bearing brand name	61%
26	2403 99 10	Chewing Tobacco (without Lime tube)	160%
27	2403 99 10	Chewing Tobacco (with Lime tube)	142%

- 20) Since it has been concluded that the product to be supplied by the applicant is classifiable under HSN 24039910 (Chewing Tobacco without Lime Tube), the applicable rate of GST Compensation Cess in term of Serial No.26 of [Notification No. 1/2017- Compensation Cess (R) dated 28.06.2017] is 160%.
- 21) In view of the above, we hold that the product (i.e. tobacco pre-mixed with lime) to be supplied by applicant is classifiable under HSN24039910 (Chewing Tobacco

without Lime Tube). The rate of GST is 28% (CGST-14%;SGST-14% and IGST-28%) and that of Compensation Cess is 160%.

In view of the above discussion, we rule as under:-

#### RULING

Question- Classification and applicable rate of GST and/ or Compensation Cess on our product 'Tobacco pre-mixed with lime

Answer- The rate of GST payable by the applicant for supply of "Chewing Tobacco without Lime Tube" is 28% (CGST-14%; SGST-14% and IGST-28%) and that of Compensation Cess is 160% under HSN24039910.

The ruling is valid subject to the provisions under Section 103 until and unless declared void under Section 104(1) of the GST Act.

*26/06/2024*  
(Mahipal Singh)  
MEMBER  
CENTRAL TAX



*26/06/2024*  
(Mahesh Kumar Gowla)  
MEMBER  
STATE TAX

F. No. AAR/SF/2023-24/ 71-76

Date: 02/07/2024

#### SPEED POST

To,  
M/s DINDAYAL COLLOIDS PRIVATE LIMITED  
F-150-153, AGRO FOOD PARK, BORANADA,  
JODHPUR – 342102, RAJASTHAN

Copy to: -

1. The Chief Commissioner, CGST and Central Excise (Jaipur Zone), NCRB, Statue Circle, Jaipur, Rajasthan-302005
2. The Chief Commissioner, State Tax, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, C-Scheme, Jaipur-302005.
3. The Commissioner, CGST and Central Excise, Jodhpur Commissionerate, Rajasthan.
4. Joint Commissioner, State Tax, Circle-C, Jodhpur-II, Jodhpur, Rajasthan
5. Assistant Commissioner, CGST Division-B, Jodhpur, Rajasthan

*o/c*