


GUJARAT AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX D/5, RAJYA KAR BHAVAN, ASHRAM ROAD, AHMEDABAD – 380 009.	
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ADVANCE RULING NO. GUJ/GAAR/R/2023/11
(IN APPLICATION NO. Advance Ruling/SGST&CGST/2022/AR/52)

Date: - 09.03.2023

Name and address of the applicant	:	M/s. JCP Agro Process P Ltd., 358/2, Alkapuri Society, 36, Nr. Tower, Khadiyat, Kavitha, Anand-388545.
GSTIN of the applicant	:	24AAFCJ1399D1Z0
Date of application	:	01.11.2022
Clause(s) of Section 97(2) of CGST / GGST Act, 2017, under which the question(s) raised.	:	(a)(b)
Date of Personal Hearing	:	09.02.2023
Present for the applicant	:	Shri Jigar Parikh (CA), Shri Gautam Patel (Director) and Shri Jagdishbhai Patel (Director)

Brief facts:

M/s. JCP Agro Process P Ltd, 358/2, Alkapuri Society, 36, Nr. Tower, Khadiyat, Kavitha, Anand-388545[for short –‘applicant’] is registered under GST and their GSTIN is 24AAFCJ1399D1Z0.

2. The applicant, is engaged in the activity of procuring raw tobacco from farmers and consequent sale of unmanufactured tobacco.

3. The summary of the activity undertaken by the applicant, from the facts as mentioned in his application is as under *viz*:

- Farmers sow sapling, which subsequently grow into a plant;
- The tobacco leaves are considered ready for harvesting once it changes its colour from normal green to yellowish green or light yellow;
- The leaves are separated from the main stem & left on the open ground for natural drying & curing process;
- Once completely dry, the harvest is then collected & stored in a suitable dry location, wherein the bigger stems, the suckered leaves & the main harvest is stored separately;
- **This whole leaf or the broken leaf** [formed during the course of bundling in gunny/jute bags] **are thereafter procured from the farmer/agriculturist by the applicant**; the broken leaf is also known as ‘Bhukko’ in common trade parlance;



- This is primarily used in biri manufacturing or chewing tobacco manufacturing.

4. It is the applicant's contention that they sell some part of this goods/product, so procured from the farmer/agriculturist, on as it is basis, without any further process.

5. The applicant further contends that they also carry out certain process on the whole leaf/broken leaf, so procured from the farmer/agriculturist viz:

- process of sorting & cleaning;
- removing unwanted substances like small stones, earth particles, cleaning out any residual smaller sized stem pieces;
- thereafter cutting and grading of leaves is done, which is popularly known as 'unmanufactured raw tobacco leaves';
- since the unmanufactured raw tobacco is prone to change in colour and flavour on account of passage of time like any agricultural product, the applicant **proposes** to carry out a coating process primarily to retain the colour and flavour of the tobacco leaves for longer period of time;
- This process of coating is further explained as follows:
 - the unmanufactured raw tobacco leaf is homogenously mixed with solvent [in semi liquid form]; that this solvent contains natural edible gum or some naturally occurring substances;
 - that the coating process is entirely a manual process wherein the leaves are laid on the floor and the solvent is poured on it;
 - that consequent to the pouring of the solvent it is evenly mixed and laid on the floor & left in open sun for drying;
 - once it is totally dry, subject to cleaning, it is again stored in gunny bags, for onward sale.

6. It is the applicant's case that the coating is done to retain the characteristics of the unmanufactured raw tobacco leaf for a longer period of time; that it helps in preserving the nicotine content & protects the leaf from getting destroyed by the bugs; that it is not affected by natural moisture on account of the coating.

7. The applicant further states that post coating, the tobacco leaf cannot be consumed directly; that it is thereafter only meant to be supplied to chewing tobacco manufacturers for manufacture of scented/zarda; that the coating subsides taste of tobacco and enhances the taste of flavour and fragrances subsequently added to it by the manufacturer.

