

Reserved on : 21.01.2026

Pronounced on : 11.03.2026

R

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 11TH DAY OF MARCH, 2026

PRESENT

THE HON'BLE MR. JUSTICE S.G.PANDIT

AND

THE HON'BLE MR. JUSTICE K. V. ARAVIND

WRIT PETITION No. 5460 OF 2023 (T-RES)

BETWEEN:

1. M/S TIME TECHNOPLAST LTD.,
PLOT No.605, PART A BELUR,
KIADB, 3RD STAGE, BELUR,
DHARWAD-580011.

...PETITIONER

(BY SRI NAGARAJA M. S., ADVOCATE)

AND:

1. THE UNION OF INDIA,
MINISTRY OF FINANCE,
DEPARTMENT OF REVENUE,
NORTH BLOCK,
NEW DELHI-110001.
(REPRESENTED BY ITS SECRETARY)
2. THE PRINCIPAL CHIEF COMMISSIONER
OF CENTRAL TAX
QUEENS ROAD,
BENGALURU-560001.
3. THE COMMISSIONER OF CENTRAL TAX
BELAGAVI COMMISSIONERATE,
71, CLUB ROAD, VISVESVARAYA NAGAR,



SADASHIV NAGAR,
BELAGAVI-590001.

4. THE COMMISSIONER OF
COMMERCIAL TAXES,
3RD FLOOR, VISVESWARAYA TOWER,
BANGALORE-560001.

...RESPONDENTS

(BY SRI JEEVAN J NEERALGI, SENIOR STANDING COUNSEL
FOR R1 TO R3;
SRI ADITYA VIKRAM BHAT, AGA FOR R4)

THIS WRIT PETITION IS FILED UNDER ARTICLE 226 OF
THE CONSTITUTION OF INDIA PRAYING TO QUASH AND SET
ASIDE THE IMPUGNED ORDER No.KAR/AAAR/02/2022 DATED
04/03/2022 PASSED BY THE KARNATAKA APPELLATE
AUTHORITY FOR ADVANCE RULING VIDE ANNEXURE-A IN
KARNATAKA COMPRISING OF RESPONDENT Nos.2 AND 4

THIS PETITION HAVING BEEN HEARD AND RESERVED
FOR ORDERS, COMING ON FOR PRONOUNCEMENT THIS DAY,
K.V. ARAVIND J., MADE THE FOLLOWING:-

CORAM: HON'BLE MR. JUSTICE S.G.PANDIT
and
HON'BLE MR. JUSTICE K. V. ARAVIND

C.A.V. ORDER

(PER: HON'BLE MR. JUSTICE K.V.ARAVIND)

Heard Sri M.S. Nagaraja, learned counsel for the
petitioner and Sri Jeevan J. Neeralgi, learned Senior Standing
Counsel for respondent Nos.1 to 3 and Sri Aditya Vikram Bhat,
learned Additional Government Advocate for respondent No.4.

2. The petitioner is before this Court assailing the Ruling dated 04.03.2022 in Order No. KAR/AAAR/02/2022 passed by the Karnataka Appellate Authority for Advance Ruling (for short, "Appellate Authority"), and seeking a writ of mandamus directing the respondents to hold that the petitioner is entitled to exemption under Notification No.41/2017-IT(Rate) dated 23.10.2017 (for short "the Notification").

3. The facts, in brief, are that the petitioner is engaged in the manufacture of packaging materials, including HDPE drums, Jerrycans and Intermediate Bulk Containers, falling under HSN 3923. Upon receipt of purchase orders from merchant exporters for the supply of HDPE drums, the petitioner raised invoices on the merchant exporters and delivered the HDPE drums to the premises of the chemical manufacturers. The chemical manufacturer is engaged in the manufacture of ethyl alcohol. The ethyl alcohol is packed in the drums supplied by the petitioner, and thereafter the merchant exporter exports the same.

3.1 The Notification was issued in exercise of the powers conferred under Section 6(1) of the Integrated Goods and Services Tax Act, 2017 (for short, "IGST Act"). According to the

petitioner, in terms of the said Notification, the supply of HDPE drums is eligible for a concessional rate of tax.

3.2 The petitioner filed an application under Section 97 of the Central Goods and Services Tax Act, 2017 (for short, "CGST Act"), seeking an advance ruling on the eligibility of the supply of taxable goods under the Notification. The Authority for Advance Ruling, by its Ruling dated 29.10.2021, held that the petitioner is not entitled to the concessional rate of tax at 0.1% under the Notification on the supply of HDPE drums for use by the manufacturer of ethyl alcohol in its factory for packing the manufactured goods and supplying the same to the merchant exporter.

3.3 Invoking the remedy under Section 100 of the CGST Act, the petitioner preferred an appeal before the Appellate Authority for Advance Ruling. The Appellate Authority, by order dated 04.03.2022, upon consideration of the relevant statutory provisions, confirmed the order dated 29.10.2021 passed by the Authority for Advance Ruling and dismissed the appeal.

4. Sri M.S. Nagaraja, learned counsel for the petitioner, submits that the supply of HDPE drums to the chemical manufacturer was effected pursuant to the purchase order

placed by the merchant exporter. It is contended that the ethyl alcohol was packed in the drums and supplied to the merchant exporter, who in turn exported the same, thereby complying with all the conditions stipulated under the Notification.

4.1 It is further submitted that the Notification grants a concessional rate of tax at 0.1% in respect of inter-State supply of taxable goods by a registered supplier to a registered recipient. According to the learned counsel, in the present case, the merchant exporter, being a registered recipient, placed the order for supply of HDPE drums, and the supply was made to the premises of the chemical manufacturer as per the instructions contained in the purchase order. It is thus submitted that the essential requirement under the Notification is that the order must be placed by the registered recipient and the supply must be effected by the registered supplier, which condition, according to the petitioner, stands duly satisfied.

4.2 It is submitted that when the supply is made directly to a registered warehouse, from where the goods are, in turn, exported, the conditions stipulated under the Notification stand complied with. It is further submitted that the term "warehouse" is not defined under the Act. Ordinarily, a

warehouse would constitute a place of business. Therefore, according to the learned counsel, as the supply has been effected to the place of business, the same would satisfy the requirements prescribed under the Notification.

4.3 Learned counsel places reliance on the ***Minutes of the 22nd GST Council Meeting*** held on **06.10.2017** to elucidate the background leading to the issuance of the Notification. Reliance is also placed on the judgments of the Hon'ble Supreme Court in ***Mangalore Chemicals and Fertilizers Ltd. v. Deputy Commissioner [1991 (55) ELT 437 (S.C.)]***, ***Commissioner of Customs (Preventive), Amritsar v. Malwa Industries Ltd. [2009 (235) ELT 214 (S.C.)]*** and ***Government of Kerala v. Mother Superior Adoration Convent [2021 (376) ELT 242 (S.C.)]***, to contend that an exemption notification must be construed strictly on its terms, and that a purposive and objective interpretation is required while examining its scope and applicability.

5. Sri Jeevan J. Neeralgi, learned counsel appearing for respondent Nos.1 to 3, and Sri Aditya Vikram Bhat, learned Additional Government Advocate appearing for respondent No.4, submit that the concessional rate is available only when a

registered supplier supplies taxable goods to a registered recipient for the purpose of export. The concessional rate is subject to strict fulfillment of the conditions stipulated in the Notification.

5.1 It is submitted that the supply of HDPE drums and the eventual export are not in dispute. However, as per the Notification, the registered recipient must place an order on the registered supplier for procurement of goods at the concessional rate, and the registered recipient must move the said goods from the place of the registered supplier directly to a registered warehouse, from where the goods are to be exported.

5.2 It is contended that even if the order is placed by the registered recipient, unless the supply is made directly to the registered recipient, such supply would not satisfy the conditions prescribed under the Notification. In the present case, the supply has been made to the chemical manufacturer. Supply of taxable goods to a person other than the registered recipient is not covered under the Notification.

5.3 It is therefore submitted that both the Authority for Advance Ruling and the Appellate Authority have rightly held

that the petitioner is not entitled to the concessional rate under the Notification. With these submissions, learned counsel pray for dismissal of the writ petition.

6. Upon consideration of the submissions advanced on both sides and on perusal of the writ papers, the following point arises for consideration:

(i) In the facts and circumstances of the present case, whether the petitioner is entitled to the benefit of concessional rate of tax at 0.1% under Notification: 41/2017-I.T. (Rate), dated 23.10.2017?

7. Our answer to the above point is in the 'negative', for the following reasons.

8. The Minutes of the 22nd GST Council Meeting held on 06.10.2017 have been placed before the Court to explain the background for the issuance of the Notification. The Council was considering the issue of blockage of working capital for exporters consequent upon the discontinuance of certain facilities available under the pre-GST regime, wherein duty-free procurement of inputs and capital goods for export production was permitted.

8.1 Various options were deliberated upon. However, the principal concern addressed was the blockage of working capital in the export cycle. Insofar as merchant exporters are concerned, it was resolved to recommend as follows:

"(ii) For Merchant Exporters (ME)-

- a. Supplies of goods to a ME registered with EPC/Commodity Boards) shall be on payment of nominal 1% GST.*
- b. Adequate safeguards such as requiring export goods to be aggregated in export warehouses etc. to prevent misuse."*

8.2 Pursuant to the resolution passed by the GST Council, the Notification came to be issued. Under the said Notification, inter-State supply of taxable goods by a registered supplier to a registered recipient for export is liable to a concessional rate of tax at 0.1%, subject to fulfillment of the stipulated conditions.

The conditions enumerated in the Notification read as follows:

- "(i) the registered supplier shall supply the goods to the registered recipient on a tax invoice;*
- (ii) the registered recipient shall export the said goods within a period of ninety days from the date of issue of a tax invoice by the registered supplier;*
- (iii) the registered recipient shall indicate the Goods and Services Tax Identification Number of the registered supplier and the tax invoice number issued by the registered supplier in respect of the*

said goods in the shipping bill or bill of export, as the case may be;

- (iv) the registered recipient shall be registered with an Export Promotion Council or a Commodity Board recognised by the Department of Commerce;*
- (v) the registered recipient shall place an order on registered supplier for procuring goods at concessional rate and a copy of the same shall also be provided to the jurisdictional tax officer of the registered supplier;*
- (vi) the registered recipient shall move the said goods from place of registered supplier –*
 - (a) directly to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported; or*
 - (b) directly to a registered warehouse from where the said goods shall be move to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported;*
- (vii) if the registered recipient intends to aggregate supplies from multiple registered suppliers and then export, the goods from each registered supplier shall move to a registered warehouse and after aggregation, the registered recipient shall move goods to the Port, Inland Container Depot, Airport or Land Customs Station from where they shall be exported;*
- (viii) in case of situation referred to in condition*
- (vii) the registered recipient shall endorse receipt of goods on the tax invoice and also obtain acknowledgement of receipt of goods in the registered warehouse from the warehouse operator and the endorsed tax invoice and the acknowledgment of the warehouse operator shall*

be provided to the registered supplier as well as to the jurisdictional tax officer of such supplier; and

- (ix) when goods have been exported, the registered recipient shall provide copy of shipping bill or bill of export containing details of Goods and Services Tax Identification Number (GSTIN) and tax invoice of the registered supplier along with proof of export general manifest or export report having been filed to the registered supplier as well as jurisdictional tax officer of such supplier."*

2. The registered supplier shall not be eligible for the above mentioned exemption if the registered recipient fails to export the said goods within a period of ninety days from the date of issue of tax invoice.

8.3 For the purpose of deciding the present case, it would be apt to examine Condition Nos.(v), (vi) and (vii) of the Notification.

8.3.1 As per Condition No.(v), the registered recipient shall place an order on the registered supplier for procuring goods at the concessional rate, and a copy of such order shall be furnished to the jurisdictional tax officer of the registered supplier.

8.3.2 Condition No.(vi) stipulates that the registered recipient shall move the said goods from the place of the registered supplier directly to the Port, Inland Container Depot, Airport or Land Customs Station from where the goods are to be

exported. In the alternative, the registered recipient may move the said goods from the place of the registered supplier directly to a registered warehouse, from where the goods shall thereafter be moved to the Port, Inland Container Depot, Airport or Land Customs Station for export.

8.3.3 Condition No.(vii) carves out a limited exception to Condition No.(vi). It provides that where the registered recipient intends to aggregate supplies from multiple registered suppliers and thereafter export the same, the goods from each such registered supplier shall first be moved to a registered warehouse, and upon such aggregation, the registered recipient shall move the goods to the Port, Inland Container Depot, Airport or Land Customs Station from where they shall be exported.

8.4 Paragraph 2 of the Notification deals with disqualification. It provides that if the registered recipient fails to export the said goods within a period of 90 days from the date of issuance of the tax invoice, the registered supplier shall not be eligible for the exemption or the concessional rate of tax under the Notification.

8.5 On a reading of the aforesaid conditions, it is evident that the scheme of the Notification contemplates only two persons, namely, the "registered supplier" and the "registered recipient". The placement of the order for supply of goods must be by the registered recipient, and the supply must be effected by the registered supplier. Further, the goods are required to be moved directly from the place of the registered supplier either to the port, Inland Container Depot, Airport or Land Customs Station for export, or to a registered warehouse from where they are to be exported. It is this compliance that is in dispute.

8.6 In the case on hand, the exporter is Retail Detailz India Pvt. Ltd., and the goods exported are ethyl alcohol manufactured by the chemical manufacturer. The merchant exporter, who is the registered recipient, placed the order for supply of HDPE drums. However, the place of supply was the premises of the chemical manufacturer engaged in the manufacture of ethyl alcohol. The chemical manufacturer packed the ethyl alcohol in the drums supplied by the registered supplier, namely, the petitioner, and thereafter supplied the same to the merchant exporter, i.e., the registered recipient.

8.7 Condition No.(vi) of the Notification requires that the registered recipient shall move the said goods from the place of the registered supplier. In strict terms, the movement of goods must be from the registered supplier to the registered recipient or to a registered warehouse, as stipulated. The pleadings on record indicate that the supply of goods was made to the premises of the chemical manufacturer at the instance of the registered recipient, namely, the merchant exporter.

8.8 The Notification not only mandates that the order for supply of goods be placed for the purpose of export, but also requires that both the order and the supply be between the registered supplier and the registered recipient. Neither placement of the order nor supply of goods to or by any person other than the registered recipient is contemplated so as to avail the benefit under the Notification.

8.9 We find no ambiguity in the language of the Notification. On a plain reading, the text is clear and unambiguous in prescribing the above requirements.

9. As the Minutes of the GST Council, placing on record the background to the issuance of the Notification, have been relied upon, we have examined the same. The recommendation of the

GST Council clearly indicates that the supply of goods is to be made to a registered merchant exporter, i.e., the registered recipient.

9.1 Any interpretation placed upon the Notification to the contrary would amount to altering or diluting the stipulated conditions. It is not permissible either to omit any words from the Notification or to read into it words that are not expressly provided. When the Notification grants a concessional rate subject to strict compliance with specified conditions, the question of compliance must be tested strictly in terms of those conditions. In such a case, recourse to external interpretative aids to vary or expand the plain language of the Notification is impermissible.

9.2 The Constitution Bench of the Hon'ble Supreme Court in ***Commissioner of Customs (Import), Mumbai v. Dilip Kumar and Company and others, [(2018) 9 SCC 1]***, while examining the rule of interpretation applicable to concession, exemption, incentive, rebate and subsidy notifications, held as follows:

" **66.** *To sum up, we answer the reference holding as under:*

66.1. *Exemption notification should be interpreted strictly; the burden of proving applicability would be on the assessee to show that his case comes within the parameters of the exemption clause or exemption notification.*

66.2. *When there is ambiguity in exemption notification which is subject to strict interpretation, the benefit of such ambiguity cannot be claimed by the subject/assessee and it must be interpreted in favour of the Revenue.*

66.3. *The ratio in Sun Export case [Sun Export Corpn. v. Collector of Customs, (1997) 6 SCC 564] is not correct and all the decisions which took similar view as in Sun Export case [Sun Export Corpn. v. Collector of Customs, (1997) 6 SCC 564] stand overruled.*

On a reading of the aforesaid principles, it emerges that an exemption notification must be construed strictly. In the event of any ambiguity in such a notification, the benefit thereof must enure to the Revenue and not to the assessee.

9.3 This principle has been reiterated by the Hon'ble Supreme Court in ***Krishi Upaj Mandi Samiti v. Commissioner of Central Excise and Service Tax, Alwar, [(2022) 5 SCC 62]***, wherein it has been held as under:

" 8. The exemption notification should not be liberally construed and beneficiary must fall within the ambit of the exemption and fulfil the conditions thereof. In case such conditions are not fulfilled, the issue of application of the notification does not arise at all by implication.

***8.1.** It is settled law that the notification has to be read as a whole. If any of the conditions laid down in the notification is not fulfilled, the party is not entitled to the benefit of that notification. An exception and/or an exempting provision in a taxing statute should be construed strictly and it is not open to the court to ignore the conditions prescribed in the relevant policy and the exemption notifications issued in that regard.*

***8.2.** The exemption notification should be strictly construed and given a meaning according to legislative intendment. The statutory provisions providing for exemption have to be interpreted in light of the words employed in them and there cannot be any addition or subtraction from the statutory provisions.*

***8.3.** As per the law laid down by this Court in a catena of decisions, in a taxing statute, it is the plain language of the provision that has to be preferred, where language is plain and is capable of determining a defined meaning. Strict interpretation of the provision is to be accorded to each case on hand. Purposive interpretation can be given only when there is an ambiguity in the statutory provision or it results in absurdity, which is so not found in the present case.*

8.4. Now, so far as the submission on behalf of the respondent that in the event of ambiguity in a provision in a fiscal statute, a construction favourable to the assessee should be adopted is concerned, the said principle shall not be applicable to construction of an exemption notification, when it is clear and not ambiguous. Thus, it will be for the assessee to show that he comes within the purview of the notification. Eligibility clause, it is well settled, in relation to exemption notification must be given effect to as per the language and not to expand its scope deviating from its language. Thus, there is a vast difference and distinction between a charging provision in a fiscal statute and an exemption notification."

10. If the Notification is read in the light of the law enunciated by the Hon'ble Supreme Court, it would not be permissible to construe the Notification in the manner suggested by the learned counsel for the petitioner. Acceptance of such a submission would, in effect, amount to rewriting or modifying the stipulated conditions of the Notification, which is impermissible in law.

11. Learned counsel for the petitioner has strenuously relied upon the judgment of the Hon'ble Supreme Court in **Government of Kerala v. Mother Superior Adoration Convent** (*supra*) to contend that a purposive interpretation

ought to be adopted while construing the conditions in an exemption notification. Paragraph 24 of the said judgment reads as follows:

"24. This being the case, it is obvious that the beneficial purpose of the exemption contained in Section 3(1)(b) must be given full effect to, the line of authority being applicable to the facts of these cases being the line of authority which deals with beneficial exemptions as opposed to exemptions generally in tax statutes. This being the case, a literal formalistic interpretation of the statute at hand is to be eschewed. We must first ask ourselves what is the object sought to be achieved by the provision, and construe the statute in accord with such object. And on the assumption that any ambiguity arises in such construction, such ambiguity must be in favour of that which is exempted. Consequently, for the reasons given by us, we agree with the conclusions reached by the impugned judgments of the Division Bench and the Full Bench."

11.1 The Hon'ble Supreme Court, while following the Constitution Bench decision in ***Dilip Kumar and Company and others*** (*supra*), reiterated that a purely literal and formalistic interpretation of a statute is not always permissible. It was observed that where ambiguity arises in the construction of a notification, an interpretation consistent with its object and purpose may be adopted.

11.2 However, even applying the above principle, on a reading of the recommendation of the GST Council and the conditions stipulated in the Notification, we find that the language employed is clear and unambiguous. The object discernible from the recommendation of the Council is to mitigate the blockage of working capital in respect of goods purchased for export.

11.3 Neither the Notification nor the recommendation of the GST Council indicates any intention to extend the concessional rate of tax to a situation where the supply is made to a person other than the merchant exporter. In the present case, the supply has been effected to the chemical manufacturer, who is not the merchant exporter.

11.4 In that view of the matter, the Authority for Advance Ruling and the Appellate Authority were justified in holding that, to avail the concessional rate of GST under the Notification, the registered recipient must move the goods directly from the place of the registered supplier to the place from where the goods are to be exported, in strict compliance with the stipulated conditions.

12. In the light of the foregoing discussion and analysis, the point for consideration is answered against the petitioner. Accordingly, the writ petition stands ***dismissed***.

**Sd/-
(S.G.PANDIT)
JUDGE**

**Sd/-
(K. V. ARAVIND)
JUDGE**

MV