



**BEFORE THE AUTHORITY FOR ADVANCE RULING - ANDHRA PRADESH**  
**Goods and Service Tax**

D.No.12-468-4, Adjacent to NH-16 Service Road, Kunchanapalli, Guntur-522501.

**Present**

1. Sri. K. Ravi Sankar, Commissioner of State Tax (Member)
2. Sri. B. Lakshmi Narayana, IRS, Additional Commissioner of Central Tax (Member)

**AAR No.08/AP/GST/2025 dated:20.08.2025**

1	Name and address of the applicant	M/s Coastal Foam Private Limited, Door No 4-1-25, Tarvanipeta Mandapeta, East Godavari District, Andhra Pradesh-533308
2	GSTIN	37AAHCC2602G1Z0
3	Date of filing of Form GST ARA-01	31-05-2025
4	Personal Hearing	17-06-2025
5	Represented by	Tandra Gowri, GST Practitioner
6	Jurisdictional Authority – State	Mandapeta Circle, Rajamahendravaram Division
7	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;

**ORDER**

**(Under sub-section (4) of Section 98 of Central Goods and Services Tax Act, 2017 and sub-section (4) of Section 98 of Andhra Pradesh Goods and Services Tax Act, 2017)**

1. M/s Coastal Foam Private Limited, Door No 4-1-25, Tarvanipeta Mandapeta, East Godavari District, Andhra Pradesh-533308, (GSTIN No. 37AAHCC2602G1Z0) (hereinafter referred to as 'applicant') has filed an application in FORM GST ARA-01 under Section 97(1) of the Central Goods and Services Tax Act, 2017 and AP Goods and Services Tax Act, 2017

(hereinafter referred to CGST Act and APGST Act respectively).

2. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and APGST Act, 2017 are in parimateria and have the same provisions in like matter 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, 2017 would also mean reference to the corresponding similar provisions in the APGST Act, 2017.
3. It is observed that the question raised by the applicant fall within the ambit of Section 97 of the GST ACT. The applicant has paid Rs.5,000/- under SGST (CPIN No.25053700198339 dated 31-05-2025), and another Rs.5,000/- under CGST (CPIN No.25063700015743 dated 10-06-2025) towards the fee for Advance Ruling. The Applicant has declared that the question raised in the application have neither been decided by nor are pending before any authority under any provisions of the GST Act

#### **4. Brief Facts of the case:**

1. M/s Coastal Foam Private Limited, is engaged in the manufacture of coir felt / sheets. The Raw materials consumed are Coir Fibre and LM fibre. The process to produce the coir sheet/felt is as detailed below.

#### **Product Description: Coir Sheet**

The Coir Sheet is an eco-friendly, high-performance product that is produced by mixing natural coconut coir fibres with low melt polyester fibres and bonding them through a resin-free thermal process. The Coir Sheet finds extensive use in mattress making, padding for furniture and insulation products.

#### **Product composition:**

- **Coconut Coir Fibre- 80 %**

Derived from coconut husks, coir is a natural renewable, and breathable material known for its resilience, springiness, and eco-friendliness. It serves as the core structural element of the sheet.

- **Low Melt Polyester Fibre (LMF)- 20%**

A synthetic fibre that melts at low temperatures. When heated, it fuses with the coir matrix, acting as a binder to lock the fibres together without the use of adhesives or chemicals.

- **Manufacturing Process:**

- Opening and Cleaning: Both coir and low melt fibres are opened and cleaned using bale openers, mixers, and fine openers.
- Fibre Web Formation: Fibres are carded and layered using cross lappers or vertical lappers to form a uniform mat.
- Thermal Bonding: The fibre mat is passed through a heating oven. The low melt fibres soften and bond with the coir fibres, creating a stable, firm composite sheet.
- Finishing: The bonded sheet is cooled, trimmed, and cut to desired sizes using precision cutting machines.

Thus, the goods produced are pure coir products only. The coir products are enlisted at Serial No.223 of Schedule-II APGST Act, 2017. The HSN was 9404. The sub heading of HSN to coir products are not explicitly notified. Hence, seeking clarification of HSN with sub codes, rate of tax .

**GST Rate Details of Using raw materials;**

1. Coir Fibre: HSN Code: 5305 GST Rate Exempt From Tax.
2. Low Melt Fibre (LMF): HSN code: 55032000 GST Rate:18%

**5. Questions raised before the authority:**

The applicant sought advance ruling on the following:

1. The applicant manufactures coir felt/ sheets, it is requested to clarify under which 8 digit HSN of coir felt or sheets falls and the rate of tax?

On Verification of basic information of the applicant, it is observed that the applicant is under State jurisdiction i.e, Mandapeta Circle, Rajamahendravaram Division. Accordingly, the application has been forwarded to the jurisdictional officer and a copy marked to the Central Tax authorities to offer their remarks as per Sec. 98(1) of CGST /APGST Act 2017.

In response, remarks are received from the State jurisdictional officer concerned through mail dated 18-06-2025 stating that no proceedings lying pending with the issue, for which the advance ruling sought by the applicant.

#### **6. Applicant's Interpretation of Law:**

The Applicant manufactures coir felt/ sheets and supply to customers according the length, width and height required. The applicant supply the coir felt/coir sheets as such without addition of any other product including covering or packing with any other commodity. The HSN of coir sheets or felts are not explicitly notified. There is ambiguity is nothing the HSN. The Applicant is charging the tax @ 12 % since the coir products are taxable @ 12 % in view of the fact the goods were enlisted at serial No.223 of Schedule-II HSN 9404.

#### **7. Personal Hearing:**

The proceeding of Personal Hearing was conducted on 17.06.2025, for which the authorized representative, Sri Tandra Gowri, GST Practitioner has appeared and reiterated the facts narrated in their application and submitted (i) photocopies of the product 'coir felt/sheets', (ii) Additional submissions , (iii) Copy of specific extract from Notification No.1/2017-Centtal Tax(Rate), dated 28.6.2017 relating to HSN codes pertaining to coir products and (iv) Manufacturing process relating to Rubberized Coir Sheets for Cushioning- Specification published by Bureau of Indian Standards.

#### **8. Additional Submissions on Classification of Coir felt and Sheets before the Advance Ruling Authority on 17-06-2025**

Prejudice to the submissions made in the application for advance ruling, they submit the following:-.

Section 3 in The Coir Industry Act, 1953 read as under

3. Definitions.-In this Act, unless the context otherwise requires,--

- (a) "Board" means the Coir Board constituted under section 4;
- (b) "cess" means the customs duty imposed by section 13;
- (c) "coir" or "coir fibre" means the fibre extracted from the husk of the coconut;
- (d) "coir products" means mats and mattings, rugs and carpets, ropes and other articles manufactured wholly or partly from coir or coir yarn;
- (e) "coir yarn" means yarn obtained by the spinning of coir;

They procure coconut coir fibre and Low Melt Polyester Fibre. The coir fibre was put to cleaning. After cleaning of coir fibre, both the fibres i.e coir fibre and Low Melt polyester fibres are layered by cross lappers or vertical lappers for uniform mat. The fibre mat will pass through a heating oven. The Low Melt Polyester Fibre soften and bond the coir fibre creating a stable, firm composite sheet. Then the bonded sheet is cooled, trimmed and cut into desired sizes using precision cutting machine.

The cut in to sizes coir sheet will be sold as such without adding any other goods to our customers. The customers utilises the sheets according to their requirements.

In this regard they submitted that the goods produced by us are not rubberised coir sheets. The substances utilised by us are not listed in the manufacturing of rubberised coir sheets as described by BIS (copy enclosed). The goods/substances and process of rubberised coir sheets are totally different and distinct from our process of coir sheets. Therefore, the coir sheets don't qualify to be rubberised coir sheets.

They further submitted that the goods produced by us are coir sheets or non-woven felt only and they consume the L.M Polyester Fibre only for softening and bonding the coir fibre/yarn to produce the coir sheet or non-woven felt and supply

as such. Thus, the goods/end product supplied by us are purely and only coir products and not the coir mattresses.

They stated that the goods manufactured by them fall within the meaning of "COIR PRODUCTS" as defined under Section 3 (d) of The Coir Industry Act, 1953. Section 3(d) read as under.

(d)"coir products" means mats and mattings, rugs and carpets, ropes and other articles manufactured wholly or partly from coir or coir yarn;

It is further submit that the rate of tax was prescribed as 12% (6% CGST & 6% SGST) for coir products fall under II Schedule under HSN 9404. It is now mandatory to notify the 8 (eight) digit HSN wise summary in monthly returns.

We humbly submit that without prejudice to the above submission / argument, we further submit the following.

HSN 5609 READ AS UNDER:

"Articles of yarn, strip or the like of heading 5404 or 5405, twine, cordage, rope or cables not elsewhere specified or included"

HSN 5609 00 10 READ AS UNDER

"Products of Coir"

*"The Hon'ble High Court of Allahabad in the case of M/s Commissioner of Sales Taxes Vs. Bareilly Rope Stores 1987 UPTC 1200 (1988) 69 STC 241(All) decided on 27-8-1987 held as under.*

*"Hon'ble Supreme Court has held in the case of Commissioner of Sales Tax V. Sarin textile Mills 1975 UPTC 429 35 STC 634(SC)that the description of yarn must have two characteristics that ;*

- i. It should be a spun strand; and*
- ii. It should be primarily meant for weaving, knitting or rope making,*

*No doubt the Tribunal has not recorded a clear finding on the use of coir yarn but it is a matter of common knowledge that now-a-days the coir industry in south has been producing very attractive and fancy coir matting in which nothing but coir yarn is used and therefore, it cannot be said that coir yarn is not used in weaving. Weaving does not mean weaving of fine fabrics by cotton or silken thread made of fine yarn only. But weaving by coir yarn of coir matting*

*used as a substitute of woollen or other carpets for matting spreading over the floor is also weaving. There is no other process of making coir matting except the weaving that is apparent from coir matting.*

*Coir yarn is a thin string used for rope making, besides other purposes. It is obtained by spinning the coir, as is the finding recorded by the Tribunal. Therefore, it possesses both qualities required for being held to be yarn. Therefore, Coir yarn is taxable as yarn of all kinds."*

Thus, it is a settled law that the product obtained by spinning the coir is Yarn.

They claimed that the goods produced out of coir yarn falls within the scope of HSN 5609 00 10 and liable to be taxed @5% (2.5% under CGST and 2.5% under SGST). Since, they produce articles of coir yarn i.e coir sheets our product fall within the scope of HSN 5609 00 10

## **9. Discussion and Findings:**

We have examined the application filed by M/s Coastal Foam Private Limited, along with supporting documentation and submissions made during the personal hearing held on 17.06.2025, wherein the applicant was represented by Smt. Tandra Gowri, GST Practitioner and Authorized Representative, and submitted details regarding the nature, composition, and classification of the goods manufactured—namely, Coir Felt / Coir Sheets.

As per the contents of the applicant, the product manufactured—Coir Felt / Coir Sheets—is primarily composed of natural coconut coir fibres, which make up approximately 80% of the product's composition. The remaining 20% is comprised of Low Melt Polyester Fibre (LMF), which is not intended to serve any functional role other than as a thermal binder. The LMF component melts during thermal processing and integrates with the coir matrix to provide structural cohesion, eliminating the need for chemical adhesives or synthetic resins.

Coir and low-melt fibres are opened and cleaned, carded into a uniform mat, then thermally bonded in an oven so that the low-melt fibres fuse with the coir, and finally cooled, trimmed, and cut to size.

The applicant contended that the goods produced are pure coir products, covered under Serial No. 223 of Schedule-II of the APGST Act, 2017. As the HSN 9404 sub-heading for coir products is not explicitly notified, clarification is sought on the applicable sub-codes and rate of tax.

Further, in the additional submissions, the applicant stated that under Section 3(d) of the Coir Industry Act, 1953, "coir products" include mats, mattings, rugs, carpets, ropes, and other articles manufactured wholly or partly from coir or coir yarn; that they procure coconut coir fibre and Low Melt Polyester Fibre, clean the coir fibre, and layer both fibres using cross or vertical lappers to form a uniform mat. This mat passes through a heating oven, where the polyester fibre softens and bonds with the coir fibre, creating a stable composite sheet, which is then cooled, trimmed, and cut to size. The sheets are sold as such, without addition of other materials, and are used by customers as per their needs.

Further, the applicant submitted that the processing and raw materials differ entirely from the BIS-defined manufacturing of rubberised coir sheets; hence, their product is not a "rubberised coir sheet" but rather a coir sheet or non-woven felt, falling within "coir products" under Section 3(d) of the Coir Industry Act, 1953 and the rate of tax was prescribed as 12% (6%CGST &6%SGST) for coir products fall under II Schedule under HSN 9404. As it is now mandatory to notify the 8 (eight) digit HSN wise summary in monthly returns they sought for the same.

Alternatively, the applicant contended that HSN 5609 covers "Articles of yarn, strip or the like of heading 5404 or 5405, twine, cordage, rope or cables not elsewhere specified or included" and sub-heading 5609 00 10 reads as "Products of Coir", and as per the law laid down by the Hon'ble Allahabad High Court judgment in CST v. Bareilly Rope Stores (1987 UPTC 1200) read with the Supreme Court's ruling in CST v. Sarin Textile Mills (35 STC 634), the product obtained by spinning the coir is Yarn and therefore the goods produced out of



coir yarn falls within the scope of HSN 5609 00 10 and is liable to be taxed at 5% (2.5% CGST + 2.5% SGST).

The issue before us is to determine the 8 digit HSN Code and rate of tax for the product 'coir felt/ sheets'. In terms of explanation (iii) and (iv) to Notification No. 1/2017 Central Tax (Rate) dt. 28-06-2017, tariff heading, 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 and the rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall be applied for the interpretation and classification of goods.

The relevant entries of the Tariff and the Chapter Note of Chapter 56 and 94 are as under:

<b>5609</b>	<b>ARTICLES OF YARN, STRIP OR THE LIKE OF HEADING 5404 OR 5405, TWINE, CORDAGE, ROPE OR CABLES, NOT ELSEWHERE SPECIFIED OR INCLUDED</b>		
5609 00	Articles of yarn, strip or the like of heading 5404 or 5405, twine, cordage, rope or cables. not elsewhere specified or included:		
5609 00 10	Products of coir	kg.	10%
5609 00 20	Articles made up of cotton yarn	kg.	10%
5609 00 30	Articles made up of jute	kg.	10%
5609 00 90	Other	kg.	10%
<b>9404</b>	<b>MATTRESS SUPPORTS: ARTICLES OF BEDDING AND SIMILAR FURNISHING (FOR EXAMPLE, MATTRESSES, QUILTS, EIDERDOWNS, CUSHIONS, POUFFES AND</b>		

**PILLOWS) FITTED WITH  
SPRINGS OR STUFFED OR  
INTERNALLY FITTED WITH  
ANY MATERIAL OR OF  
CELLULAR RUBBER OR  
PLASTICS, WHETHER OR NOT  
COVERED**

9404 10 00	Mattress supports	kg.	25%
	Mattresses		
9404 21	Of cellular rubber or plastics, whether or not covered:	u	25%
9404 21 10	Of rubber	u	25%
9404 21 90	Of plastic	u	25%
9404 29	Of other materials:		
9404 29 10	Spring interior	u	25%
9404 29 20	Of Rubberised coir with or without combination of other materials, whether or not with metallic springs.	u	25%
9404 29 90	other	u	25%
9404 30	Sleeping bags:		
9404 30 10	Filled with feathers or down	u	25%
9404 30 90	Other	u	25%
9404 40	Quilts, bedspreads, eiderdowns and duvets (comforters):		
9404 40 10	Quilts	u	25%
9404 40 20	Bedspreads	u	25%
9404 40 30	Eiderdowns	u	25%
9404 40 40	Duvets (comforters)	u	25%
9404 90 00	Other	Kg	25%

Sched ules	S. No.	Chapt er / Headi ng /	Description of Goods	CGST Rate (%)	SGST / UTGS T Rate (%)	IGST Rate (%)
		Sub- headi ng / Tariff item				
I	218D	5609	Products of coir	2.50%	2.50%	5%
II	141	5609	Articles of yarn, strip or the like of heading 5404 or 5405, twine, cord age, rope or cables, not elsewhere specifie d or included other than products of coir	6%	6%	12%
II	223	9404	Coir products [except coir mattresses]	6%	6%	12%
III	438	9404	Mattress supports; articles of bedding and similar furnishing (fo r example, mattresses, quilts, eiderdow ns, cushions, pouffes and pillows) fitted with springs or stuffed or internally fitted with any material or of cellular rubber or plastics, whether or not covered [othe r than coir products (except coir mattresses), products wholly made of quilted textil e materials and cotton quilts	9%	9%	18%

The **General Rules for the Interpretation of the Harmonized System**, classification must be determined by the product's **essential character, use**, and **commercial identity**. While the raw material may be coir, the applicant's product is a **thermally bonded composite sheet**, which is **cut to size** and supplied to

mattress manufacturers, furniture units, and insulation applications. It is not merely coir yarn, but a shaped input with padding functionality.

The HSN Explanatory Notes for Heading 5609 clarify that the heading includes nonwoven felt and similar articles made from twine, cordage, or rope and not specified elsewhere. Though the HSN 5609 00 10 covers "Products of Coir," it primarily refers to **simple products like ropes, cords, or twisted fibre articles**, and not complex thermally bonded mats or pads. Chapter 56 covers textile articles not classified elsewhere, but in this case, the product is more appropriately covered under Chapter 94 due to its application and construction.

The case law relied on by the applicant in Commissioner of Sales Tax v. Bareilly Rope Stores (1988) 69 STC 241 (All.), the Hon'ble Allahabad High Court, relying on Sarin Textile Mills (SC), is not applicable to the facts of the present case, because, the issue therein is whether coir yarn is yarn and taxable as yarn of all kinds. But, in the present case, the product in question is 'Coir Felt/sheet', which is made from coir fibre and LM Fibre through manufacturing process.

**Chapter 94 of the Customs Tariff**, covers Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishing; luminaires and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated building".

The applicant's product is a nonwoven felt composed predominantly of coir and does not fall under Sl.No.438 of schedule III of **Notification No. 01/2017–Central Tax (Rate)**, dated 28.6.2017, which covers finished bedding or furnishing articles and **clearly excludes 'Other than coir products (except coir mattress')**. The product 'coir felt/ sheet' is an intermediate industrial input, not a ready-to-use bedding article.

*But, Sl.No. 223 of **Schedule II of Notification No. 01/2017 – Central Tax (Rate)**, dated 28.6.2017 covers 'Coir Products (except Coir*



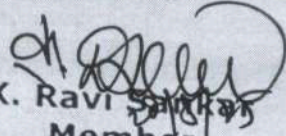
mattresses).Therefore, the product is more aptly classifiable under 8 digit HSN code 9404 90 00 and attract GST at 12% (6% CGST + 6% SGST).

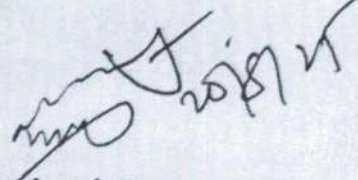
### RULING

(Under Section 98 of Central Goods and Services Tax Act, 2017 and the Andhra Pradesh Goods and Services Tax Act, 2017)

Question: The applicant manufactures coir felt/ sheets, it is requested to clarify under Which 8 digit HSN of coir felt or sheets falls and the rate of tax?

Answer: The coir felt/sheets manufactured by the applicant are classifiable under 8 digit HSN Code 9404 90 00 and liable to GST @ 12% (6% CGST + 6% SGST) as per Schedule II, Entry 223 of Notification No.01/2017-Central Tax (Rate) dated 28.06.2017.

  
K. Ravi Sankar  
Member

  
B. Lakshmi Narayana  
Member

To

M/s Coastal Foam Private Limited, Door No 4-1-25, Tarvanipeta Mandapeta, East Godavari District, Andhra Pradesh-533308. **(By Registered Post)**

Copy to

1. The Assistant Commissioner (ST), Mandapeta Circle, Rajamahendravaram Division through mail) with a direction to communicate the copy to the Central Tax authorities )
2. The Commissioner of Central Tax, CGST, GST Bhavan, Central Revenue Buildings, Kannavari Thota, Guntur - 522 004

Copy submitted to

1. The Chief Commissioner (State Tax), O/o Chief Commissioner of State Tax, Kunchanapalli, Guntur District, (A.P)
2. The Principal Chief Commissioner (Central Tax), O/o Principal Chief Commissioner of Central Tax & Customs, Visakhapatnam Zone, GST Bhavan, Port area, Visakhapatnam-530035. A.P.

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