

- Ref. 1. ARA Order passed on dated 08.06.2019.  
 2. AAAR order passed on dated 17.02.2019  
 4. AAAR Rectification order passed on dated 04.11.2019  
 3. Order passed by the Hon'ble High Court dated 16.07.2025.

**MAHARASHTRA AUTHORITY FOR ADVANCE RULING**

**GST Bhavan, Room No.107, 1st floor, B-Wing, Old Building, Mazgaon, Mumbai - 400010.**

**(Constituted under Section 96 of the Maharashtra Goods and Services Tax Act, 2017)**

**BEFORE THE BENCH OF**

- (1) **Shri. D. P. Gojamgunde, Joint Commissioner of State Tax, (Member)**  
 (2) **Smt. Himani Dhamija, Joint Commissioner of Central Tax, (Member)**

ARN No.	NA
GSTIN Number, if any/ User-id	27AAACC9862F1ZI
Legal Name of Applicant	<b>M/s. HP India Sales Private Limited</b>
Registered Address/Address provided while obtaining user id	5th floor North Side, Commerz, 16th International Business Park, Oberoi Garden City, Off Western Express Highway, Goregaon East, Mumbai, Maharashtra - 400063
Details of application	GST-ARA, Application No. 38 Dated 12.03.2018
Concerned officer	Maharashtra, Zone - Mumbai, Division - North West, Bandra, Charge - Bandra West -506.
<b>Nature of activity(s) (proposed/present) in respect of which advance ruling sought</b>	
A Category	<b>Wholesale Business</b>
B Description (in brief)	Supply of indigo press printing ink as a bundle along with supply of ancillaries comprising of oil, binary ink developer, bib, blanket, print imaging plate and other machine products.
Issue/s on which advance ruling required	<ul style="list-style-type: none"> <li>➤ Classification of goods and/or services or both.</li> <li>➤ determination of the time and value of supply of goods or services or both</li> </ul>
Question(s) on which advance ruling is required	As reproduced in para 01 of the Proceedings below.

**PROCEEDINGS**

**(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)**

The applicant M/s. HP India Sales Private Limited filed an application for Advance Ruling dated 12.03.2018 for the following questions:

**Classification of ElectroInk supplied along with consumables under GST.**

**Determination of time and value of supply of ElectroInk with consumables under the indigo press Contract.**

The Advance Ruling Authority passed the order dated 08.06.2018 and answered these questions are below:



*Answered for question no.1: - The supply of Electro Ink supplied along with consumable is a mixed supply as defined u/s section 2 (74) of the GST Act and also a continuous supply of goods as defined u/s 2 (32) of the GST Act.*

*Answered for question no.2: - The time of supply of Electro Ink supplied along with consumables under the indigo press contract would be the earliest date between the date of invoice or the date of receipt of payment. As regards the value of supply of Electro Ink supply with consumables under the Indigo Press Contract would be the transactions value as reflected in the invoice issued u/s 31(4) of the GST Act.*

Aggrieved by this order, said applicant filed an application before the Appellate Authority for Advance Ruling (AAAR). The AAAR decided the matter and passed the order on 17.02.2019 and answered the question as below:

*Appellate for Advance Ruling Authority do not find any reason to interfere with the Order of the Advance ruling authority dated 08.06.2018.*

Subsequently, Applicant filed a rectification application, highlight that the Appellate Authority had not considered the written submissions and supporting evidence submitted on 11.02.2019. The Appellate Authority decided rectification application on date 04.11.2019 and upheld his order dated 17.02.2019.

The applicant was not satisfied with the decision passed by the AAAR and filed petition before the Hon'ble Bombay High Court (Writ Petition no. 3842 of 2021) and Hon. High Court passed the Order on 16.07.2025 as below.

Hon'ble High Court set aside the order dated 08.06.2018 made by the Authority for Advance Ruling ("AAR") and the order dated 04.11.2019 passed by the Appellate Authority and remanded the matter to the AAR to consider the matter afresh and decide the matter after considering the evidence submitted by the applicants and allowing the respondents i.e. the Department to cross-examine the expert or other customers if they wish to do so and allowing them to produce any other evidence.

The application was remanded back to the Advance Ruling Authority. With respect to the liberty given by the Hon'ble High Court to the applicant to file submissions, the applicant filed their detailed submission before the Advance Ruling Authority dated 13.10.2025 as below:

#### **FACTS AND CONTENTION - AS PER THE APPLICANT:**

The HP Indigo digital printing press (hereinafter referred to as "HP Indigo") is a specialized printing solution designed to deliver superior print quality, enhanced colour gamut, substrate versatility, high-speed output, and the capability for variable data printing. It is specifically engineered to meet the operational demands of large-scale print service providers.



- 1.2 The HP Indigo press operates on a proprietary digital offset colour technology, which is distinct from conventional office or industrial printers. A key technological differentiator is the use of a specialized liquid ink formulation (hereinafter referred to as "ElectroInk"), which is essential to the functioning of the HP Indigo printing process.
- 1.3 A detailed write up on HP Indigo presses and the use of ElectroInk with consumables to effect prints is enclosed with this application.
- 1.4 In order to ensure optimal performance and consistent print quality, the HP Indigo requires the use of ElectroInk, along with a suite of consumables and ancillary components, including but not limited to binary ink developer, bib, blanket, photo imaging plate, oil, and other machine-specific products (collectively referred to as "Imaging Products" or "Imaging Kit" or "Kits").
- 1.5 The Kits are directly imported by the Applicant from overseas suppliers at the Mumbai Customs Port, where these are cleared on payment of applicable customs duties, including Integrated Goods and Services Tax ("IGST"), and subsequently stored in the Applicant's warehouse.

*Supply Chain and Commercial Arrangements*

- 1.6 The Applicant supplies HP Indigo printers and consumables to authorized resellers, who in turn supply them to end customers. Consideration for these supplies is typically received through periodic invoices raised at a standard "per click" rate, as governed by a Reseller Agreement entered into between the Applicant and the reseller agreement enclosed with this application.
- 1.7 Billing under this arrangement is on a "per click" basis, calculated monthly based on the series of Indigo press machine, the number of clicks, and the type of print performed.
- 1.8 In terms of the desired functional objective of printing with respect to the supply of the Kit under the Click Model:

- Each element of the Kit is interdependent.

It is only when every element of the Kit functions together in unison that the printing function can be undertaken.

The quantity of each Element of the Kit as supplied is reflective of the proportionate rate of usage of the Elements of the Kit. The rate of usage is of course distinct for each Element of the Kit.

- 1.9 The terms of contract between the Applicant and the authorized reseller stipulates the conditions, prices, discount, mode of receiving orders, billing and payment terms in relation to supply of ElectroInk with consumables. Importantly, the contract stipulates that the supplies shall be the property of the Applicant till such time the supplies are utilized in the presses by the customer for effecting prints.

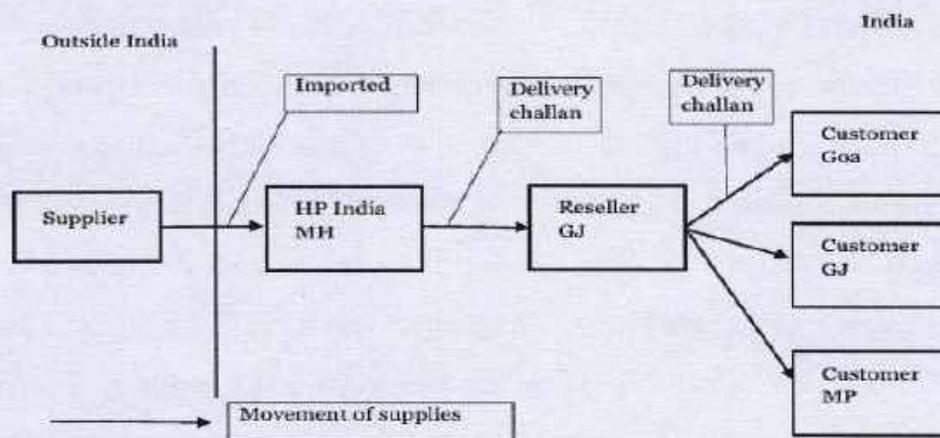
*Movement of Goods*



1.10 Further, the ElectroInk along with the consumables are moved by the Applicant to the authorised reseller locations in the States of Tamil Nadu, Gujarat and Punjab under a delivery challan along with the necessary road permit, where applicable.

1.11 Pursuant to the same, such goods are transported by the authorised reseller to the respective customer locations as segregated geographically across India.

1.12 The arrangement is diagrammatically explained below:



1.13 The Applicant has contracted with authorised resellers for making supplies of ElectroInk with consumables to be used in HP Indigo presses by the customers of HP Indigo presses on a back-to back basis.

1.14 The billing for such arrangement is agreed on a "per click basis" calculated monthly depending on the series of Indigo press machines pertaining to which the goods are supplied, number of clicks and the type of print performed.

1.15 The resellers also have entered into agreements with the end customers for onward sales of such printing supplies. Copy of the sample agreement between the reseller and the end customer is attached with this application.

1.16 To illustrate, assuming a customer uses the printer to take 100 prints in a month and each print costs Rs 10/-, then the customer shall be billed Rs 1,000 for the ElectroInk along with the consumables used for the month.

1.17 Accordingly, upon collation of the running statement of accounts for each end customer, the Applicant raises a consolidated invoice for click charges on the reseller. The reseller, in turn, raises an invoice on each end customer as per the contractual arrangement. The terms of the agreement between the reseller and the customer mirror those between the Applicant and the reseller.

A-la Carte Model

1.18 In addition to the Click Model, certain specialty inks which are required for High Resolution Prints are to be purchased separately on a stand-alone basis under the A-la Carte model as these are not supplied as part of the customary set of ElectroInk and consumables in the Click model. The inks supplied under the A-



la Carte model are not substitutes for inks supplied under Click Model but are instead an add on to satisfy the requirements of superior high-quality printing.

1.19 Under the A-la Carte model, ElectroInk and consumables are supplied individually to the re-seller at a price, and which are further supplied by the re-seller to the final customer.

1.20 In this connection, we wish to bring to your good self's attention that an end customer could use the "Click" and "A-la-carte" model together and in conjunction with each other. In these cases, the end customer would contract with the re-seller for supply of ElectroInk and consumables in a bundle and additional inks in an a-la-carte model. A standard HP Indigo Digital Printing press comes with 4 ink stations installed by default with an option provided to the customer to add 3 more ink stations. The bundle inter-alia comprises 4 types of ink, i.e. Cyan, Magenta, Yellow and Black, which are 4 standard process inks which may be mixed in different proportions to achieve most colours required for prints. Additionally, 3 inks, orange, violet and green, again supplied as part of the click can be placed and used in conjunction to obtain prints with different effects as required. In some scenarios the customers may wish to use these additional inks on an A-la Carte basis from the reseller. The reseller has similar contractual arrangements with the Applicant.

1.21 As apparent from above, both models are necessary to serve different customer needs. While the 'Click' model is necessarily taken by the customer to effect print in his regular course of business, supplies under A-la Carte depend on specific print requirements, for which separate request is made by customer. Additionally, the inks supplied by Applicant under A-la Carte model are "specialized inks" to give enhanced printing experience. These inks differ from those supplied ordinarily under the Click model. Further, in order to effect print using inks procured under A-la carte, the customer necessarily shall be required to also use other consumables supplied under click model, including ink. Therefore, the A-la carte is not an alternate for click, rather an optional scheme.

1.22 It is pertinent to note that the present proceeding is limited to the classification of supply under the Click Model (constituting more than 99% of sales of the Company) and does not pertain to the A la Carte model. Break-up of revenue earned by the Applicant during F.Y. 2017-18 for supplies made under the aforesaid two models are provided in the table below:

Sl. No.	Supply Model	Revenue Earned (in millions)	% to Revenue
	Tier (Click) model	1,179.35	99.14%
	A-la-carte	1,189.63	100%



## 2. STATEMENT CONTAINING APPLICANT'S INTERPRETATION OF LAW

2.1 Without prejudice to the submissions made in the foregoing paragraphs, we respectfully submit that, as directed by the Hon'ble High Court, the present proceedings are to be disposed of based on the evidence furnished along with the additional submission dated 11 February 2019. These include the Chartered Engineer's Certificate, the Customer's Certificate, and any further evidence the Applicant may wish to provide. Accordingly, in the following paragraphs, we have demonstrated that the supply of ElectroInk along with consumables satisfies all the requisite criteria and tests to qualify as a 'composite supply' under GST, with clear substantiation through the aforementioned evidence.

ELECTROINK SUPPLIED ALONG WITH CONSUMABLES ARE NATURALLY BUNDLED AND THEREFORE, QUALIFY AS A COMPOSITE SUPPLY UNDER GST

2.2 Under the GST regime, the taxability of a supply involving multiple goods or services, particularly for the purposes of classification and applicable tax rate, is governed by the statutory concepts of "composite supply" and "mixed supply."

2.3 Section 2(30) of the Central Goods and Services Tax Act, 2017 ("CGST Act")/ MGST Act defines a "composite supply" as a supply, having the following essential ingredients:

- i. two or more taxable supplies of goods or services or both or any combination thereof;
- ii. such supplies are naturally bundled;
- iii. supplied in conjunction with each other;
- iv. supplied in the ordinary course of business; and
- v. one of such supplies is a principal supply."

2.4 In contrast, Section 2(74) of the CGST Act defines a "mixed supply" as a combination of two or more individual supplies of goods or services made together for a single price, where each of the supplies can be supplied separately and is not dependent on any other.

2.5 From the above definitions, it is clear that a supply qualifies as a 'composite supply' if it satisfies the following four tests/criteria:

- i. It involves two or more taxable supplies of goods or services or any combination thereof;
- ii. The supplies are naturally bundled;
- iii. The supplies are provided in conjunction with each other in the ordinary course of business; and
- iv. One of the supplies is the principal supply.



2.6 The Applicant respectfully submits that, in the present case, all four criteria are fully satisfied, as elaborated below.

**Test 1: Involvement of Two or More Taxable Supplies**

2.7 As previously detailed, the Applicant is engaged in supplying a bundle of consumables essential for the operation of HP Indigo digital printing presses. These consumables include, inter alia, ElectroInk (a specialized liquid ink), Photo Imaging Plates (PIP), Binary Ink Developer (BID), Printing Blankets, Imaging Oil, Blanket Web, and other machine products and ancillaries.

2.8 The contractual documentation, specifically the Reseller Agreement (kindly refer to Exhibit 3), defines "Supplies" as "Imaging Products and Operator Maintenance Parts required for the operation of the Indigo Press(es)," and "Imaging Products" as including all the above items. Each of these items is independently taxable under GST as goods. In this regard, relevant extract from the agreement is reproduced hereinbelow:

*Point 17 of Section A - Definitions and appendices at page 2:*

*"17. "Supplies" means Imaging Products and Operator Maintenance Parts required for the operation of the Indigo Press(es)".*

*Point 6 of Section A - Definitions and appendices at page 2*

*"6. "Imaging Products" mean ElectroInk, Photo Imaging plates, binary ink developer (BIDs), printing blankets, recycled agent, imaging agent and imaging oil."*

2.9 Accordingly, the supplies involved in HP Indigo press arrangement comprises of supply of two or more taxable goods being made thereof. Further, the term used in the definition, "or any combination thereof" indicates that any combination of supply of two or more goods as a bundle satisfies the requirement for being classified as a composite supply.

2.10 The Applicant raises a single tax invoice for all these goods supplied as a bundle, based on actual consumption (i.e. clicks). The supply is not limited to a single item but is a combination of multiple taxable goods, all of which are essential for the functioning of the Indigo press.

2.11 Therefore, the supply under consideration clearly involves two or more taxable supplies of goods, thereby satisfying the first statutory test for a composite supply.

**Test 2: The Supply of Such Goods or Services is Naturally Bundled**

2.12 In this connection, we wish to submit that the term "naturally bundled" is not expressly defined under the GST law. However, its interpretation has been clarified through CBIC guidance and judicial pronouncements, as summarized below:



(1) CBIC GST Flyer on Composite Supply and Mixed Supply (hereinafter "GST Flyer") states that whether supplies are "naturally bundled" depends on normal or frequent practices in the business, industry standards, and customer expectations. Indicators include:

- Perception of the consumer
- Majority of service providers in the area provide similar bundles
- The elements are not available separately
- The elements are integral to the overall supply

(2) CBIC Education Guide (2012, Service Tax Regime): Although issued under the previous service tax regime, the CBIC Education Guide is often referred to for interpretative purposes. It states that "services which are naturally bundled in the ordinary course of business would be treated as provision of a single service which gives the bundle its 'essential character'".

(3) In *Bharat Sanchar Nigam Ltd. v. Union of India* 2006 (3) TMI 1 - Supreme Court, the Hon'ble Supreme Court, in the context of bundled supplies, held that the nature of a composite supply is to be determined by the ordinary practices of the trade and the expectations of the consumer. The Hon'ble Court recognized that the essential character of a bundled supply is derived from the principal supply, and the ancillary supplies are those that are naturally provided together in the ordinary course of business.

2.13 In the present case, the following documentary evidence are submitted to establish that the supplies are "naturally bundled":

(1) Chartered Engineer Certificate ("CE Certificate"):

- The CE Certificate certifies that all consumables (ElectroInk, PIP, BID, Blanket, etc.) are required to be supplied as a bundle and are consumed together during the printing process. The certificate explains the technical process of the HP Indigo press, confirming that printing cannot be achieved unless all these items are present and used together as prescribed. This expert technical confirmation demonstrates that the supplies are functionally and operationally inseparable, and that the bundling is dictated by the inherent nature of the printing process, not by any artificial arrangement. This directly supports the CBIC's test that the elements are "integral to one overall supply."
- Copy of the aforesaid CE Certificate is enclosed with this submission.

2.14 Brochures, Pamphlets, and Trade Literature

- The Applicant has submitted industry literature demonstrating that the "click model" (tier program) is the standard industry practice for the supply of consumables for digital presses, both in India and globally. These materials



show that other suppliers also supply consumables as a bundle and charge on a per-click basis. This substantiates that the practice of supplying all required consumables together is not unique to the Applicant, but is the industry norm. This satisfies the CBIC's indicator that the "majority of service providers in a particular area of business provide similar bundles," and that the elements are "normally advertised as a package."

- Copy of the aforesaid Brochures, Pamphlets, and Trade Literature is enclosed with this submission.

#### 2.15 Self-Declaration on the Usage of Standard Inks

- The Applicant has provided a self-declaration clarifying the types of inks supplied under the click model and the A-la-carte model. The declaration confirms that standard inks (Cyan, Magenta, Yellow, Black, Orange, Violet, Green) are always supplied as part of the click model bundle, while specialized inks are supplied separately only upon specific request. This demonstrates that standard inks are always supplied together as a bundle, and that the A-la-Carte model is reserved for exceptional, specialized requirements. This supports the view that, in the ordinary course of business, the supplies are naturally bundled.
- Copy of the aforesaid self-declaration is enclosed with this submission.

#### 2.16 Declarations from Customers:

- Declarations from customers confirm that customers expect and receive the supplies as a bundle, and that this is the industry norm. Customers also confirm that similar click pricing and bundled supply arrangements are offered by other suppliers in the market.
- These declarations provide direct evidence of customer perception and expectation, which is a key indicator under CBIC guidance. They also confirm that the supplies are not available separately under the Click Model, and that the bundled supply is essential for their business operations.
- The intention is to not to buy individual products separately but to have all the ElectroInk and consumables at one place for use in the printing machines."
- Copy of the aforesaid declarations from customers is enclosed with this submission.

2.17 The above documents, taken together, provide comprehensive and multi-faceted evidence—technical, commercial, and customer-based—that the supply of HP Indigo press consumables is "naturally bundled" in the ordinary course of business, as per industry practice and customer expectation. This aligns precisely with the standards set out in CBIC guidance and judicial interpretation.

2.18 Additionally, we wish to draw reference to Appendix C of the HP-reseller agreement, where the parties have agreed to the consideration for the supplies to



be on a "per-click basis" depending on the nature of print generated by the customer. In this regard, Clause 1a of Para G on Page 4 of HP reseller agreement (kindly refer to Exhibit 3) provides that "Click means a chargeable unit for a single colour separation transferred onto substrate, except in the case of textured effect printing .....". Therefore, both the Company and reseller agree that the ElectroInk and consumables supplied shall be billed on an over-all consumption basis. This further enhances the argument that such supply of goods are naturally bundled since there is a single pre-agreed price for all the goods together and which are acceptable to both the supplier and the recipient.

2.19 In light of the foregoing, the Applicant wishes to submit as follows:

- Functionally, all supplies, including ElectroInk and consumables, are provided as a bundle to achieve the intended print output, which is the core requirement of the end customer.
- The operation of the HP Indigo printing press substantiates that ElectroInk and the consumables are used in conjunction with each other to deliver the print.
- The agreement between the Applicant and the reseller further substantiates that the supply of ElectroInk and consumables occurs only when they are used upon the "print" command of the end customer.
- The supply of ElectroInk along with consumables is integral to the entire print output process; removal of any element would adversely affect the output.
- As per the GST Flyer, a key feature of a composite supply is that its components should not be available separately. The Click Model, both contractually and practically, ensures that the different elements are not available separately.
- The concept of natural bundling is dynamic and evolves with business models, industry practices, and customer preferences. For example, hotel accommodation with complimentary breakfast or airline tickets with meals were not always standard but have become so over time. Similarly, the natural bundling of ElectroInk and consumables under the Click model reflects current industry practice and customer expectations.
- We wish to illustrate the same through an example as highlighted in the CBIC GST Flyer on Composite Supply and Mixed Supply as stated below:

*"Illustrations:*

*A hotel provides a 4-D/3-N package with the facility of breakfast. This is a natural bundling of services in the ordinary course of business. The service of hotel accommodation gives the bundle the essential character and would, therefore, be treated as service of providing hotel accommodation."*

- Now in general trade practice most hotels provide additional services to its guests in addition to such accommodation bundled with breakfast services. For instance, a hotel provides accommodation services and breakfast as a bundled



supply, however in addition to the same, it also offers to the customers to select/ receive additional services for an additional fee like laundry services, airport pick up and drop services etc. Offering such additional services at an additional fee shall not change the nature of supply of accommodation services bundled with breakfast services.

- The Applicant humbly submits that similarly, the option provided to end customers to avail optional additional supplies under the A-la-carte model shall not change the nature of supply of the bundle of ElectroInk and consumables supplied under the click model a natural bundle to the reseller and consequently to the end customer.

2.20 Therefore, the supply under consideration involving supply of ElectroInk with consumables is naturally bundled, thereby satisfying the second statutory test for a composite supply.

**Test 3: The Goods or Services are Supplied in Conjunction with Each Other in the Ordinary Course of Business**

2.21 The Click model represents the standard and predominant method of supply for HP Indigo press consumables, wherein all required items are delivered and invoiced together based on actual usage (i.e., number of clicks). This is not an isolated or exceptional arrangement, but rather a regular, recurring business practice. Notably, over 99% of customers (kindly refer to para 35) utilize the Click Model, underscoring that this bundled supply is the norm and occurs in the ordinary course of business.

2.22 The above-referenced documents (referred in Para 49, especially the Industry Literature and Customer Declarations) further corroborate that the Click Model is the standard, expected, and widely accepted mode of supply within the digital printing industry.

**ElectroInk along with consumables are supplied in conjunction with each other:**

2.23 In the present case, supply of ElectroInk along with consumables are considered as being supplied in conjunction to each other based on the following facts:

- The aforesaid supplies are received by the authorised reseller from the Applicant as a bundle and are as-is supplied to the end customer;
- Further, the bundled supply of goods is made at the same point of time and is not split over different time periods;
- The billing for such supplies by the Applicant to the authorised reseller and by the authorised reseller to the end customer is also done on a consolidated basis for the entire bundled value of goods consumed and not on per category of goods supplied basis.



*Supply of ElectroInk along with consumables is in the Ordinary Course of Business:*

2.24 The CBIC GST Flyer outlines several tests to determine whether supplies are made in the ordinary course of business. The present case satisfies each of these, as detailed below:

Test as per the GST Flyer	Satisfaction in the present case
The perception of the consumer or the service receiver.	<ul style="list-style-type: none"> <li>• Customers have submitted declaration(s) (kindly refer to Exhibit 10) confirming that they expect to receive all necessary consumables (ElectroInk, PIP, BID, Blanket, etc.) as a bundle under the click model.</li> <li>• Customers do not seek to purchase these items separately; their operational need is to have all required consumables available together for uninterrupted printing.</li> <li>• The perception of the consumer is that the supply of all consumables as a bundle is the norm and is essential for their business operations.</li> <li>• Customers confirm that similar arrangements are offered by other suppliers, reinforcing that this is the industry standard.</li> </ul>
Majority of suppliers in the area provide similar bundles	<ul style="list-style-type: none"> <li>• Brochures, pamphlets, and trade literature submitted by us demonstrate that the click model (bundled supply of consumables, charged per print/click) is the standard practice among major suppliers of digital presses, both in India and globally.</li> <li>• Customers confirm that other suppliers (apart from the Applicant) offer similar bundled arrangements.</li> <li>• There is no evidence that the industry norm is to supply these items separately.</li> <li>• The majority of service providers in the digital printing industry supply consumables as a bundle, satisfying this test.</li> </ul>



<p>The nature of the various supplies in a bundle</p>	<ul style="list-style-type: none"> <li>• The CE Certificate confirms that the ElectroInk is the predominant element, with other consumables (PIP, BID, Blanket, etc.) being essential ancillaries for the printing process.</li> <li>• Customers confirm that other suppliers (apart from the Applicant) offer similar bundled arrangements.</li> <li>• The printing process cannot function unless all these items are present and used together; each interdependent role.</li> </ul>
<p>Single price for the package</p>	<ul style="list-style-type: none"> <li>• Under the Click Model, the customer is charged a single price per print/click, which covers all consumables used in the printing process.</li> <li>• The Reseller Agreement specifies that billing is on a per-click basis, not per individual item.</li> <li>• Invoices raised to resellers and customers reflect a single consolidated charge for the bundle, not itemized pricing.</li> <li>• There is a single price for the entire bundle, regardless of the individual consumption of each component, fulfilling this test.</li> </ul>
<p>The elements are normally advertised as a package.</p>	<ul style="list-style-type: none"> <li>• Brochures, pamphlets, and trade literature submitted by us show that the Click Model is advertised as a bundled solution for digital printing needs. The standard offering is the bundled supply; there is no separate marketing of individual consumables under the Click Model.</li> </ul>
<p>Elements are integral to the overall supply</p>	<ul style="list-style-type: none"> <li>• The CE certificate confirms that all consumables are required together for the printing process; the absence of any one item would prevent the press from functioning or degrade print quality.</li> <li>• The printing process is designed so that all these items are consumed together; they are not optional or substitutable.</li> </ul>



- Customers confirm that the bundle is essential for their operations and that the supply would not meet their needs if any element were missing.
- The elements are integral to the overall supply; removing any would disrupt the printing process, thus fulfilling this test.

2.25 Further, the phrase "in the ordinary course of business" is an intrinsic part of the definition of the term "composite supply", and, is required to be interpreted to determine whether the supply of the Kit is a composite supply. By judicial precedents, it has been held that the expression "in the ordinary course of business" would mean that there should be a series of transactions which must be undertaken in a certain manner for them to satisfy the term "in the ordinary course of business" and such transactions must be distinguished for a one off or exceptional transaction which would then not be regarded as being "in the ordinary course of business". Virayya v. Subba Rao [AIR 1959 657]; Countrywide Banking Corporation Ltd. v. Dean [1998 2 WLR 441] Stated differently, the predominant pattern of transactions undertaken would be the appropriate basis for determining a supply which is made in the ordinary course of business. In the present case, as per the relevant judicial test, bundled supplies of ElectroInk along with all consumables under the Click Model, which constitute 99.14% of the total supplies/sales, would clearly reflect supplies which can be regarded as being "in the ordinary course of business".

2.26 The Reseller Agreement further supports this position. Clause 3 of Para C (Page 3) provides that the reseller may elect to purchase supplies under either the Tier (Click) or A-la-Carte programs but must purchase all supplies for a given Indigo Press Product Line under the same program. Relevant extract of the Reseller Agreement is reproduced hereinbelow:

*"Clause 3 of Para C on Page 3 provides that "Purchase of Supplies by Reseller shall be subject to either the Tier or A-la-Carte programs set forth in Sections G and H below, and their respective terms and conditions. Reseller may elect to purchase supplies for the different Indigo Press Product Lines under different programs, provided that Reseller shall purchase all of the supplies required by it for each Indigo Press Product Line under the same Supplies purchase program".*

2.27 Accordingly, the above clause provides reseller with option to choose between supply models, namely A-la Carte and Tier Program. However, post selection of the model, ElectroInk and consumables purchased shall be supplied only in such manner as per the terms of the selected supply model. In other words, the

agreement only restricts usage of ElectroInk and consumables under different supply models for the same indigo press machine.

2.28 It is immensely clear that the above clause does not impose any condition on the reseller to accept the ElectroInk and consumables as a bundle. The agreement clearly contemplates supply under the ala carte model and the tier model. Where a customer opts for the tier model, the agreement further lays down that such goods purchased under shall be solely used for a given indigo press machine. The said restriction is imposed considering business challenges where different consumables are supplied against different business models.

2.29 Therefore, it is clearly evident that there is no restriction imposed by the Appellant on the resellers to mandatorily accept all products as a bundle, but as a normal business practice and understanding, such goods are procured together.

2.30 The Applicant also wishes to draw reference to the principles adopted by the learned Appellate Authority in the case of M/s Five Star Shipping (2018 - VIL - 21 - AAAR), having appeal number MAH/GST-AAAR-11/2018-19, dated 27 July 2018 against advance ruling number GST ARA-18/2017-18/B-26 dated 18 April 2018, wherein in Para 67 of the order reliance is placed on the market/ industry practices to determine the classification of supply. Further, in Para 70 of the order, it has been stressed on the fact that "Appellant are obliged to provide all these services to the FSO as per the list of activities enlisted in Annexure A to the above-mentioned agreement. Thus, the gamut of activities rendered by the Appellant can be considered as a composite supply". We wish to provide that in the present case as well, the industry/ market practices conceive ElectroInk and consumables to be supplied together as a natural bundle. Further, the Applicant as per terms of contract is obliged to ensure timely supply of goods to resellers for purpose of further supply to customers for un-interrupted flow of business.

2.31 Further, we also wish to submit that the present supply of ElectroInk along with consumables will constitute a "composite supply" in line with the principle laid down by the European Court of Justice ("ECJ") in Card Protection Plan Ltd. v. Commissioners of Customs and Excise [(2012) 22 taxmann.com 176 (ECJ)]. In that case, the ECJ held that where a transaction comprises several elements, it must be assessed from the point of view of the typical consumer to determine whether it is a single supply with ancillary elements, or multiple independent supplies. The Court further clarified that if one or more elements are principal and the others are ancillary – serving only to enhance the enjoyment of the principal supply – the transaction should be treated as a single, composite supply for tax purposes.

2.32 Applying this test to the present facts, the supply of ElectroInk is the principal element, while the accompanying consumables (such as Photo Imaging Plate,



Binary Ink Developer, Blanket, etc.) are ancillary and indispensable for the effective use of the ElectroInk in the printing process. The economic reality and the consumer's perspective are that these items are not supplied or used independently, but as an integrated package necessary for the operation of the HP Indigo press. Thus, consistent with the Card Protection Plan decision, the supply must be treated as a composite supply, with ElectroInk as the principal supply.

2.33 In conclusion, supply of ElectroInk with consumables is naturally bundled which are supplied in conjunction with each other in the ordinary course of business.

2.34 Therefore, it is clear that in the present case ElectroInk with consumables are supplied in Conjunction with Each Other in the Ordinary Course of Business, thereby satisfying the third statutory test for a composite supply.

**Test 4: One of Such Supply is the Principal Supply**

2.35 The Chartered Engineer's certificate confirms that ElectroInk is the predominant element in the process of obtaining a print impression. The consumption pattern shows that ElectroInk accounts for 41% of the value/volume of the bundle, the highest among all components. The self-declaration and customer declarations further confirm that ElectroInk is the main element, with other items being necessary ancillaries to enable its use.

2.36 Under Section 2(90) of the CGST Act and the MSGST Act, "principal supply" is in turn defined as under:

*"principal supply" means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary;"*

2.37 The term predominant element is not statutorily defined. Some guidance has been issued by the GST Authorities as to criterion that can be used such as percentage of value, quantum, role in functionality to determine this issue as delineated below:

Circular	Clarification/ guidance
GST Circular F.No.354/263/2017-TRU dated 20th October 2017 Clarification on taxability of printing contracts	4. In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing of the content supplied by the recipient of supply is the principal supply and therefore such supplies would constitute supply of service falling under



	<p>heading 9989 of the scheme of classification of services.</p> <p>5. In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. falling under Chapter 48 or 49, printed with design, logo etc. supplied by the recipient of goods but made using physical inputs including paper belonging to the printer, predominant supply is that of goods and the supply of printing of the content supplied by the recipient of supply is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods falling under respective headings of Chapter 48 or 49 of the Customs Tariff.</p>
<p>Circular F. No. 354/17/2018 TRU dated 1st March 2018 Clarifications regarding GST in respect of certain services</p>	<p>In the case of bus body building there is supply of goods and services. Thus, classification of this composite supply, as goods or service would depend on which supply is the principal supply which may be determined on the basis of facts and circumstances of each case.</p> <p>In retreading of tyres, which is a composite supply, the pre-dominant element is the process of retreading which is a supply of service. Rubber used for retreading is an ancillary supply. Which part of a composite supply is the principal supply, must be determined keeping in view the nature of the supply involved. Value may be one of the guiding factors in this determination, but not the sole factor. The primary question that should be asked is what is the essential nature of the composite supply and which element of the supply imparts that essential nature to the composite supply.</p>
<p>Circular F. No. 354/136/2019-TRU dated 11<sup>th</sup> October 2019</p>	<p>In contracts where service provider is involved in a composite supply of software development and design for integrated circuits electronically, testing of software on sample prototype</p>



	<p>hardware is often an ancillary supply, whereas, chip design/ software development is the principal supply of the service provider. The service provider is not involved in software testing alone as a separate service. The testing of software/design is aimed at improving the quality of software/ design and is an ancillary activity. The entire activity needs to be viewed as one supply and accordingly treated for the purposes of taxation. Artificial vivisection of the contract of a composite supply is not provided in law.</p>
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2.37 It is pertinent to note that in each of the clarifications under the Circulars (as tabulated above), the individual supplies are equally important and indispensable, however, these have been declared to be composite supplies. Therefore, any view to the effect that Kit does not constitute a composite supply or that the ElectroInk is not a "principal supply" merely on the basis that all the Elements of the Kit are equally important and indispensable is directly contrary to the binding Circulars, and also amounts to introducing a new concept in interpretation of "composite supply" which is not provided under the law.

2.38 Under Section 2(74) of the CGST Act, "mixed supply" is defined as one where there are two or more individual supplies of goods where such supply does not constitute a "composite supply". It is, therefore, self-apparent that if the supply in question is a "composite supply", statutorily it cannot be considered as a "mixed supply".

2.39 A "principal supply" is defined under the CGST Act as the predominant element of a "composite supply". Upon consideration of all of the elements of the supply it needs to be examined whether any one of them can be regarded as being the predominant element, to which the other elements are ancillary. The entire objective of the commercial transaction in the present case is for the relevant customer to undertake a printing activity. The dictionary definitions of the word "printing" and "print" are set out hereunder:



*Collins English Dictionary:*

*Print: To reproduce (text, pictures), especially in large numbers by applying ink to paper or other material by one of various processes*

*Printing: the process, business, or art of producing printed matter*

2.40 In view of the commercial objective of the entire transaction which is printing, it is clear that the application of ink on paper is the essence of the core activity, it would

follow inevitably that the printing ink (ElectroInk) would constitute the 'predominant element' of the "composite supply", and all of the other elements which play a necessary role in the printing would constitute the ancillary activities.

2.41 Under the GST laws the term "predominant element" is not defined. However, the guidance offered by the CBIC on the concept of "principal supply", inter alia, recommends looking at aspects such as the relative value and quantity of an element vis-à-vis other elements, or, the relative functional significance of an element vis-à-vis the other elements. It would appear, therefore, in the context of supply/sale of the consumable, the ElectroInk would constitute the "principal supply".

2.42 In the present case, the Applicant has produced the following evidence to substantiate that the ElectroInk is the principal supply as per the statutory definition as also as per the various clarifications, FAQs, issued by the CBIC. The evidence led by the Petitioner that ElectroInk is the principal supply inter alia includes: -

- Pattern of consumption of supplies made under the Click program for effecting a single print from the Indigo Press Machine, which is as under:

S. No.	Elements of the Kit	Consumption (in percentage)
1	ElectroInk	41%
2	Blanket	16%
3	PIP - Photo Imaging Plate	13%
4	OMP - Other Machine Products	10%
5	BID - Binary Ink Developer	10%
6	Oil	7%
7	Blanket Web	2%
8	Other consumable	1%

- Brochures, pamphlets, and other trade literature;
- self-declaration on the usage of standard inks; and
- declarations as by end customers to confirm the availability of similar models by other competitors;

2.43 In addition to the above, the Applicant further wishes to produce the CE's Certificate dated 11<sup>th</sup> February 2019 which particularly stated that:

*"The entire printing process is centric to the use and consumption of H.P. Indigo's ElectroInk, to yield the desired print results. Accordingly, based on the consumption pattern of the various elements provided for our consideration and our analysis of the printing process, functionally, the ElectroInk is the predominant element in the process of obtaining print impression from H.P. Indigo Printers."*

2.44 The entire commercial activity in the present case is that a customer who desires to undertake printing of a certain quality will effectively procure HP Indigo Printing machine, and, to undertake printing on that machine, will procure the kits imaging



products as a consumable item for undertaking the printing activity. The method of charging the customers (and the resellers who sell to the customers), is to charge on a "click basis", viz. a customer is not charged an upfront price for supply of the kit but is charged on the number of printed copies generated by the customer in a prescribed period. While each of the other elements plays a supporting and an ancillary role, it is the ElectroInk which when dispersed on paper and other medium which causes the activity of printing. It is this printing activity, which is the essence of the commercial transaction, and it is this printing activity which is charged for. The printing activity as defined in various language dictionaries as the activity of "applying ink to paper". It is, therefore, explicit that it is the printing ink, i.e. ElectroInk, is the principal supply and the other elements are ancillaries.

2.45 In this regard, we also wish to submit the decision pronounced by Hon'ble Supreme Court in Collector of Central Excise, Hyderabad vs. Bakelite Hylam Ltd. 1997 taxmann.com 1311 (SC), wherein it was held that the classification of a product should be determined by the component that imparts its essential character and functionality, rather than by mere quantitative predominance.

2.46 Applying the principle stated above, the supply of ElectroInk along with consumables should be classified based on the essential function provided by the ElectroInk, which is the principal supply. The other consumables are ancillary and serve to facilitate the use of ElectroInk in the printing process. Therefore, the entire supply merits classification and tax treatment as per the principal supply, i.e., ElectroInk, in line with the Supreme Court's "functionality of the product" test.

***Determination of character of a transaction based on language of the contract:***

2.47 It is a well settled principle of interpretation that in determining the taxation of a transaction it is essential that the true nature and character of the transaction be ascertained, and the transaction be taxed consistent with its true nature and character. [Union of India vs. Playworld Electronics Pvt. Ltd. [1989 (41) ELT 268 (SC)], Sundaram Finance Ltd vs. The State of Kerala [AIR 1966 SC 1178]]

2.49 It is also well settled position that in determining the true nature of a transaction, based on the terms of a contract, the tax authorities must proceed on the basis that the language of the contract indicates the true nature of the contract and the authorities must not go behind the contract ignoring the terms as agreed by the parties. In the present case, this approach is of critical importance on the aspect that parties have agreed that the property in goods only passes when the activity of printing is undertaken. This critical aspect must guide the determination of the true nature of the transaction and the consequential issues of the taxability.

2.50 In the background of the legal provisions and principles as set out in the preceding paragraphs, the two key issues that arise:



Issue 1: What is the "supply" in question?

Issue 2: Commercially, when and how does the supply occur in the facts of the present case?

2.51 In respect of the Issue 1 and Issue 2, the "supply" in the present case is a supply in the nature of a sale of goods. The relevant sale of goods occurs when the property in goods passes under the terms of the relevant contract viz. at the time of the printing function is undertaken in relation to each printing activity by the relevant customer. When such printing activity is undertaken, all of the elements of the Kit are sold and supplied concurrently as they are consumed for the purpose of the printing activity. The supply is therefore of the Kit inclusive of all its elements. It is important to note here that:

- a. Each element of the Kit is required simultaneously for the printing activity;
- b. The functionality of each Element of the Kit is interrelated and interdependent;
- c. Relative to the functionality, it is clear that the consumption of each element of the Kit is simultaneous. This is, therefore, a cohesive and bundled activity of supply/ sale/ consumption which all occurs contemporaneously at the time each activity of printing is undertaken.
- d. The Applicant ensures adequate supply of all the Elements of the bundle such that at the time of sale/consumption each Element to the requisite quantity as required for the printing activity is available for the consumer.

2.52 Therefore, the nature of sale/ supply in the present case is by an act of consumption viz. by an act of undertaking printing activity. When undertaking such printing activity all the elements of the set are consumed/ sold as proportionately required for the printing activity.

2.53 In this understanding of the true nature of the transaction, it is apparent that all of the essential elements of the definition of a "composite supply" are fully satisfied in the present case, namely:

- a. There is a supply made by the Company to a customer (Reseller/Consumer).
- b. The supply has two or more taxable supply of goods viz. all the elements of supply which make up the Set.

The supplies are naturally bundled and supplied in conjunction with each other. This is inevitable in the context of the pattern of consumption where each element must be present in the quantum required to enable the printing activity which contemporaneously is also the activity of supply/sale.

- d. Such supplies are in the ordinary course of business. The overwhelmingly predominant quantum of supplies 99.14% are in the manner aforesaid and would legally be regarded as being in the "ordinary course of business". In determining the ordinary course of business unusual or exceptional



transactions such as to the government do not recharacterize the supplies being made in the ordinary course of business.

e. There is a "principal supply", the ink viz. ElectroInk.

2.54 Therefore, all the elements of the definition of a "composite supply" are satisfied in the context of the supply under consideration under the Click model. The application of the definition of a "composite supply" to such transaction necessarily and statutorily precludes the application of the concept of a "mixed supply" to the transaction.

2.55 In view of the facts, submissions, and supporting evidence – including the Chartered Engineer's Certificate (refer Exhibit 6) and the Customer's Certificate/Declaration (refer Exhibit 9) – and in accordance with the direction of the Hon'ble Bombay High Court vide its order dated 16 July 2025 to consider such evidence for the purpose of disposing of the present proceedings, the Applicant respectfully submits that the supply of ElectroInk along with consumables qualifies as a composite supply under GST. Accordingly, it should be taxed at the rate applicable to printing ink, which constitutes the principal supply in the said transaction.

2.56 We shall be glad to furnish such additional information and relevant documents as the Hon'ble Authority may require for passing its decision.

### **3. CONTENTION - AS PER THE JURISDICTIONAL OFFICER DATED 07.11.2025.**

3.1 The applicant M/s HP India Sales Pvt Ltd holding GSTIN - 27AAACC9862F1ZI has submitted their say vide email dated 29/10/2025 regarding the supply of ElectroInk along with consumables such as oil, binary ink developer, blanket, BIB, and print imaging plate, constitutes a "composite supply" within the meaning of Section 2(30) of the CGST Act, 2017, on the grounds that such supplies are "naturally bundled" and made in conjunction with each other in the ordinary course of business. The applicant further submits that ElectroInk constitutes the principal supply, thereby warranting classification of the entire transaction as a composite supply taxable at the rate applicable to ink.

3.2 The relevant documents relied upon by the Applicant, particularly the Chartered Engineer's Certificate, customer declarations, and sample invoices, has been reviewed and it is respectfully submitted that the Applicant's contention that its supply of ElectroInk and related consumables goods constitutes a "composite supply" under Section 2(30) of the CGST Act, 2017 is legally and factually unsustainable.

3.3 In continuation to the earlier submissions of this office the following facts are brought to your kind notice, which may be considered while deciding the present application for Advance ruling filed by the applicant, M/s. HP India Sales Pvt. Ltd.

As per the application submitted by the applicant the applicant reiterated the statutory conditions of supply to qualify u/s 2(30) of CGST/MGST Act, 2017. Against the above-mentioned contention, the department's submission is as under-

Test / Statutory Criteria	Key Submissions / Evidence by the applicant	Applicant Submission	Department's Submission
Test 1: Involvement of Two or More Taxable Supplies	<p>Supply includes ElectroInk, Photo Imaging Plates (PIP), Binary Ink Developer (BID), Printing Blankets, Imaging Oil, Blanket Web, and other machine products and ancillaries.</p> <p>All items are independently taxable under GST.</p> <p>Defined as "Imaging Products" and "Supplies" in the Reseller Agreement.</p> <p>Single tax invoice raised for the bundle based on actual consumption (clicks).</p>	<p>The supply involves two or more taxable goods, satisfying the first test for composite supply.</p>	<p>The applicant has not provided order copy of customer and reseller to ascertain that the ink and other consumables are supplied together.</p> <p>Hence whether two or more taxable supplies are involved cannot be commented</p>
Test 2: Supplies are Naturally Bundled	<p>"Naturally bundled" interpreted per CBIC guidance and judicial precedents.</p> <p>In the present case, the following documentary evidence are submitted to establish that the supplies are "naturally bundled":</p> <p>CE Certificate: All consumables are required together for the printing process.</p> <p>Brochures, pamphlets, and trade literature: Industry standard is to supply as a bundle under the click model.</p> <p>Self-declaration: Standard inks always supplied as a bundle.</p> <p>Customer declarations:</p>	<p>The supply is naturally bundled in the ordinary course of business, satisfying the second test for composite supply.</p>	<p>The applicant's claim that the supply of ElectroInk and consumables is "naturally bundled" is not acceptable.</p> <p>The customers have the option to procure each item such as ink, plates, blankets, oil, etc., separately as per their requirement. The "click model" adopted by the applicant is only a commercial billing arrangement and does not make the supply naturally bundled under GST law. The Chartered Engineer's Certificate itself shows that all items are equally essential, and hence there is no principal supply. Further, customer and reseller declarations only indicate business preference, not a legal compulsion to buy the</p>



	<p>Customers expect and receive supplies as a bundle; industry norm.</p> <p>Single pre-agreed price for the bundle (per-click basis).</p>		<p>goods together. Therefore, the supplies are not naturally bundled in the ordinary course of business and cannot be treated as a composite supply.</p> <p>The Applicant has submitted industry literature demonstrating that the "click model" (tier program) is the standard industry practice, Self-declaration, Customer declarations, Single pre agreed price, but the Applicant's click based billing model and declarations is merely a commercial arrangement and does not alter the legal nature of the supply. The method of billing or invoicing cannot override the statutory definition of supply under the GST law</p>
<p>Test 3: Supplied in Conjunction with Each Other in the Ordinary Course of Business</p>	<p>- Click model is the standard method (over 99% of customers use it). - Supplies delivered and invoiced together based on usage. - Supplies received and supplied as a bundle by reseller. - Billing is consolidated for the entire bundle. - Customer declarations and industry literature confirm this is the norm. - Reseller Agreement allows choice of model, but once chosen, supplies are bundled.</p> <p>Judicial precedents and industry practice support this as ordinary course of business.</p>	<p>ElectroInk and consumables are supplied in conjunction with each other in the ordinary course of business, satisfying the third test for Composite supply.</p>	<p>The Applicant's has submitted that click based billing model is merely a commercial arrangement and does not alter the legal nature of the supply. The method of billing or invoicing cannot override the statutory definition of supply under the GST law. Though the applicant has submitted that the supply is in conjunction with each other there is no principal supply and ancillary supply relation is identified as specified in definition of composite supply.</p>
<p>Test 4: One Supply is the</p>	<p>CE Certificate: ElectroInk is the predominant element in</p>	<p>ElectroInk is the principal</p>	<p>The Appellant's argument, which claims that ElectroInk</p>



Principal Supply	<p>the printing process.</p> <p>Consumption pattern: ElectroInk accounts for 41% of value/volume, highest among components.</p> <p>Self-declaration and customer declarations confirm ElectroInk as main element.</p> <p>Section 2(90) of the Act: Principal supply is the predominant element.</p> <p>CBIC Circulars: Principal supply determined by essential character and functionality.</p> <p>Indian Courts and European Court of Justice ("ECJ") precedents holding that classification needs to be determined based on essential function.</p> <p>Commercial objective: Printing activity centers on application of ink (ElectroInk).</p>	supply, with other consumables being ancillary, satisfying the fourth test for composite supply.	<p>is the main supply simply because it makes up 41% of the total consumption by volume. This argument fails to prove that ElectroInk is the most important part of the supply or that it is essential to the overall process.</p> <p>Therefore, the claim is not valid.</p> <p>The ElectroInk and other consumables (such as blankets, photo imaging plates, binary ink developers, HP imaging oil, blanket webs, and other machinery products) supplied by the Appellant to its customers is a "mixed supply," not a "composite supply" as the Appellant claimed. because the various items supplied, there is no single product that can be considered the "main" supply, as required by the definition of "principal supply" under Section 2(90) of the CGST Act, 2017. This lack of a principal supply goes against the conditions needed for a composite supply, as defined in Section 2(30) of the CGST Act, 2017.</p> <p>Further the CBIC Circulars mentioned by the applicant is not relevant to the determined the principal supply in the present case.</p>
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3.4 In view of the above submissions and facts the contention of the applicant that the supply of ElectroInk and consumable goods constitutes a composite supply cannot be proved.

3.5 As regards the Chartered Engineer's Certificate, it is submitted that the said certificate is issued by the Chartered Engineer based entirely on functional descriptions provided by the Applicant and does not emerge from any independent



or empirical study of operations at reseller or customer sites. It merely recites that "all Indigo press consumables are necessarily required to be consumed together," Such self-certifying opinions cannot replace legal or factual scrutiny required under Section 2(30) and Section 2(90) of the CGST Act. Further, in the said Certificate, the Chartered Engineer himself acknowledges that each consumable is indispensable and equally essential to the printing process. This submission not supported the Applicant's contention that ElectroInk is the principal supply. If all components are equally indispensable, no single element predominates, the certificate thus supports that there is no existence of principal supply, which is one of the core conditions of a composite supply.

3.6 The certificate's reference to simultaneous consumption during a print run pertains only to machine functionality, not to commercial inseparability. GST law evaluates whether the recipient is bound to procure all items together in the ordinary course of business. The fact that different consumables have distinct shelf lives and replacement cycles, as acknowledged by the Applicant, shows that procurement can and does occur independently. Technical interaction within a machine does not establish the supply made by the applicant is composite supply. Further the said certificate does not examine whether the individual items (ElectroInk, photo-imaging plates, blankets, binary ink developer, oil, etc.) are marketable and invoiced separately. Each item carries a separate HSN classification and is traded independently across the industry. Hence, the Chartered Engineer's statement is irrelevant to prove the supplies are naturally bundled in trade.

3.7 It is also submitted that the certificates prepared at the instance of an applicant cannot override statutory definitions. The determination of composite versus mixed supply is a legal question, not an engineering one. As a result, the Chartered Engineer's certificate cannot prove the supply of ElectroInk and alongwith consumables made by the applicant constitute of composite supply. Further, the customer and reseller declarations produced by the Applicant merely express their preference or business convenience in purchasing consumables together. Such subjective preferences cannot determine statutory classification. Section 2(30) requires an objective finding that supplies are "*naturally bundled in the ordinary course of business,*" not bundled by contractual design or buyer convenience.

3.8 The sample invoices show that the Applicant charges a single per-click price covering multiple items. This commercial mechanism is a pricing model adopted by the supplier; it does not transform distinct supplies into a composite supply. Billing methodology cannot supersede statutory definitions, a principle affirmed repeatedly by CBIC guidance and judicial interpretation under GST as well as the erstwhile Service-Tax regime.



- 3.9 The Applicant's claim that "the click model is the industry standard" cannot be proved from the customer declarations as these declarations are just personal preferences or convenience, and don't represent how the industry generally operates, as required by Section 2(30) of the CGST Act. The Applicant itself admits that ink may be replaced after 1,000 clicks, while blankets and plates last 3,000 clicks. Such differing replacement cycles confirm that procurement occurs independently and sequentially not jointly or compulsorily.
- 3.10 Further in their submission, applicant has relied upon the following circulars issued by the CBIC, circular No. GST Circular F.No.354/263/2017-TRU dated 20th October 2017, Regarding Clarification on taxability of printing contracts, Circular F. No. 354/17/2018- TRU dated 1st March 2018 Regarding Clarifications regarding GST in respect of certain services, Circular F. No .354/136/2019-TRU dated 11th October 2019 regarding Clarification on applicability of GST exemption to the DG Shipping approved maritime courses conducted by Maritime Training Institutes of India. The Circular relied upon by the applicant is not relevant with the present issue of supply of ElectroInk along with other consumables constitutes a composite Supply.
- 3.11 Moreover each component is identifiable with a distinct HSN- ElectroInk (32151190), Blanket (59111000), Photo Imaging Plate (84439100), Binary Ink Developer/Oil (27101980) – which is a decisive indicator that the supplies are separately taxable goods. Customer invoices consolidating these under a single "click" price represent an internal accounting choice and cannot override classification mandated by law.
- 3.12 In view of the above submissions and the facts and evidence on record, it is respectfully submitted that the supplies are not naturally bundled; no principal supply can be identified; and each item is separately identifiable and marketable; therefore, the transaction squarely falls within the definition of "mixed supply" under Section 2(74) of the CGST Act. Consequently, as mandated by Section 8(b), the highest rate of tax applicable among the constituent supplies shall apply to the entire supply.
- 3.13 In view of the above facts, a. The Applicant's claim that the supply of ElectroInk along with consumables such as oil, binary ink developer, blanket, BIB, and print imaging plate constitutes a "composite supply" under Section 2(30) of the CGST Act cannot be accepted. The supply made by applicant may be treated as Mixed Supply under 2(74) of CGST/MGST Act, 2017.
- b. Considering the Mixed Supply, levy the highest rate of tax as per the provisions of Sec. 8(b) of the CGST /MGST Act, 2017.



#### 4. HEARING

Applicant has submitted a letter regarding intimation of matter remanded back for fresh consideration along with order passed by Hon'ble High Court of Bombay and made additional submission on 13.11.2025.

In this case, Advance Ruling Authority had passed order on 08.06.2018. Being aggrieved, applicant had filed appeal with the appellate authority for advance ruling and AAAR order had passed on 17.02.2019 confirmed the order passed by the Advance Ruling Authority.

Subsequently, Applicant filed a rectification application, highlight that the Appellate Authority had not considered the written submissions and supporting evidence submitted on 11.02.2019. The Appellate Authority decided rectification application on date 04.11.2025 and upheld his order dated 17.02.2019.

Then, applicant filed Writ Petition with Hon'ble High Court of Bombay (No. 3842 of 2021). Hon'ble High Court of Bombay has passed the order on 16.07.2025 and set-aside the order dated 08.06.2018 made by authority for advance ruling and the order dated 04.09.2019 made by the appellate authority and remanded the matter to the Advance Ruling Authority for consideration of applicant's submission and examination.

Then, final hearing was scheduled on 15.10.2025. Thereafter, the authorized representative of the applicant Ms. Sanika Ajsaonkar, C.A., attended the ehearing and requested for adjournment, Case was adjourned for ten days.

#### Final E-Hearing dated 30.10.2025.

Final hearing was held on 30.10.2025. Mr. Shivrajan, Authorized Representative of the applicant, appeared and made oral and written submissions. Jurisdictional Officer, Mr. Nilesh Ghate, Deputy Commissioner of SGST appeared. We heard both the sides.

#### 5. OBSERVATIONS AND FINDINGS

5.1 We have gone through the records of the case, the written submissions made by the applicant and the submissions made by the jurisdictional officer vide letter dated 03.11.2025. We have also gone through the submissions made by the applicant at the time of the personal hearing. We find that the applicant in their application dated 09.2.2018 for Advance Ruling had raised two questions for which they had sought the advance ruling: -

- i. Classification of ElectroInk supplied along with consumables under GST; and
- ii. Determination of time and value of supply of ElectroInk with consumables under the Indigo Press Contract.

Based on the submissions made by the applicant in the application and after giving them the opportunity of personal hearing, the Advance Ruling Authority vide its Order dated 08.6.2018 held that the supply of ElectroInk along with



consumables is a mixed supply under Section 2(74) of the GST Act. They also held that the supply is a continuous supply and the time of supply would be the date of invoice or the date of payment, whichever is earlier and the value would be the transaction value as reflected in the invoices issued under Section 31(4) of the GST Act. Being aggrieved by this Order, the applicant filed an application before the Appellate Authority for Advance Ruling. The AAAR vide its order dated 17.2.2019, rejected the appeal and upheld the order of the AAR. The applicant thereafter, filed an application for amendment / rectification of the order of the AAAR under Section 102 of the GST Act. Vide Order dated 04.11.2019, the application for rectification of the order was rejected by the AAAR who held that there was no reason to amend the earlier order dated 17.2.2019. Being aggrieved by the said order of the AAAR, the applicant filed a Writ Petition No.3842 of 2021 before the Hon'ble Bombay High Court. The Hon'ble Bombay High Court vide its order dated 16.7.2025 remanded back the matter to the AAR directing the AAR to consider the additional evidences in the form of Chartered Engineer's Certificate and customers certificates and decide the issue afresh. They directed to allow the petitioners to produce additional evidence if any and allow the respondents to lead evidence if they choose to. Accordingly, the Hon'ble High Court directed the AAR to decide the matter afresh.

5.2. With regard to the classification of ElectroInk, we find that the applicant is supplying printing ink along with various consumables which includes imaging products, accessories and operator maintenance parts to its resellers. As per the agreement between H.P. India Sales Pvt. Ltd i.e. the applicant and its reseller i.e. M/s. Redington (India) Ltd, dated 19.7.2013, the imaging products means ElectroInk, photo imaging plates, binary ink developer (BIDs), printing blankets, recycled agent, imaging agent and imaging oil. The applicant provides these products to the resellers who in turn supply the said goods to the end user/customer i.e. the Printing Press who use these products for the purpose of offset/commercial printing on HP Indigo Printing presses.

5.3. The applicant has stated that they import these products and the same are stored in their Mumbai warehouse from where they are delivered to their resellers in Gujarat, Punjab and Tamilnadu under Delivery Challans. The said goods are then resold by the resellers to the customers. The resellers have contract/agreements with their customers and the goods are supplied under the said agreement to the customers. The customers use these products in the HP Indigo Presses. The billing for the goods is based on 'per click basis' calculated on monthly basis depending on the series of Indigo Press machine pertaining to which the goods are supplied, number of clicks and the type of print performed. Accordingly, a monthly statement of the clicks per



customer of the reseller is collated and the consolidated invoice for the click charges of the reseller is raised. The reseller raises an invoice on each of the end customer based on the contractual agreement between the reseller and the end customer.

5.4. Some of the relevant clauses of the Contract between the applicant and the reseller is as under: -

B.

1. H.P appoints reseller an authorized, no exclusive reseller for the purchase and resale of supplies, subject to the terms and conditions of the agreement.

3. The Supplies are being acquired by the reseller solely for the resale to customers as standalone items for the sole purpose of printing goods for commercial use and shall not be otherwise used or disposed of by the Reseller. HP will not be deemed a party to any agreement between the Reseller and subsequent purchaser or customer.

C.3. Purchase of Supplies by Reseller shall be subject to either the Tier or A La Carte Programs set forth in Sections G and H below, and their respective terms and conditions. Reseller may elect to purchase supplies for the different Indigo Press Product Lines under different programs, provided that Reseller shall purchase all of the supplies required by it for each Indigo Press Product Lines under the same Supplies purchase program.

This clause signifies the fact that the reseller has the option to purchase the goods under different programs i.e. Tier or A La Carte. However, if he chooses a particular program for any Indigo Press product line, he has to purchase all the supplies for the said product line under the same purchase program. The various Indigo Press Product Lines as disclosed in the Appendix B of the agreement is HP Indigo 3000, 30500, 3500, ultrastream, HP Indigo 4000, 4050, 4500, HP Indigo 5000, 5500, HP Indigo 6000, HP Indigo 7000 and HP Indigo 10000. Thus, there is an option for the reseller to purchase the supplies under the Tier Program or the A La carte Mode. As per the agreement, Tier Program means the supplies purchase program under which the reseller shall be charged for supplies which shall be a function of the number of print impressions. A La Carte program means that the reseller can order individual items as per the requirements and the payment for the same shall be based the list price of the said items.

Clause H: - A La Carte Program for purchase of Supplies

1. To the extent Reseller has elected to purchase Supplies under the A La Carte Program, Customer shall be entitled to order Supplies from HP at the Net Reseller Price based on the discount rate set forth in Appendix D Hereto. HP may change list prices or discounts every calendar quarter with effect sixty (60) days following written notice to Reseller.
2. All Supplies shall remain the property of HP until delivery for such supplies is affected by HP in accordance with the terms of this agreement.
3. HP Shall issue an invoice following Delivery of supplies to Reseller. Charges shall be paid monthly, within 30 days from the date of invoice issued by HP to Reseller



or if notified in writing by HP, based on the HP standard payment terms applicable in the territory.

4. As a pre-condition to joining the A La Carte Program or to including specific Indigo Press under the A La Carte Program, all Indigo presses which belong to the Indigo Press Product Lines and which are operated by either the reseller and/or its customers must be included under the A La Carte Program.

The word Supplies for the purpose of the agreement has been defined under Clause A (17) as imaging products and operator maintenance parts required for the operation of the Indigo Presses. From the above clauses, it is clear that all the supplies i.e. ElectroInk, Photo Imaging Plates, Binary Ink Developer, Printing blankets, recycled agent, imaging agent and imaging oil etc. can be procured under the A La Carte Program. However, purchase of the said items individually is highly restricted by the clause which states that all the presses under the reseller which belongs to the Indigo Press Product Lines must follow the same A La Carte Program. Thus, the end customer is left with no option but to buy the products under the Tier Program unless the customer agrees to pursue the A La Carte Program for all the presses under its control and use, thereby restricting the use of this program.

#### Clause G: TIER PROGRAM FOR PURCHASE OF SUPPLIES BY RESELLER

1. *Definitions: a) Click means a chargeable unit for a single-color separation transferred onto substrate, except in the case of textured effect printing, where it is the action of texturing by applying pressure between the substrate and the mold. A click unit may vary depending on the press model.*
2. *To the extent Reseller has elected to purchase Supplies under the Tier Program, HP Shall provide Reseller with all its and /or its Customer's needs for supplies for use solely on any Indigo Press(es) owned by the Reseller or its Customers belonging to the Indigo Press Product Line(s) specified in the Order, to the extent that such needs do not exceed HP's Maximum Usage Per Impression of Supplies (as defined and updated from time to time on the myindigo portal).*
3. *Supplies shall remain the property of HP until utilized in the Presses. HP retains a security interest in all supplies until HP receives payment for the same. In addition, upon first request by HP, Reseller will take all step necessary to register a security interest or lien in favor of HP in the Supplies. Reseller acquires the Supplies for its Customer's own use only and may not sell or otherwise transfer such Supplies to any other third party.*
4. *HP shall have the right, at its discretion, to recovery Supplies on hand at Reseller's site in excess of its and its customers aggregate two months requirements based on the Maximum Usage per Impression for Reseller and its Customers, or delay delivery to Reseller of additional Supplies beyond the amounts in excess of two months requirement based on maximum Usage per Impression for Reseller and its Customers. Cost of recovery of supplies ordered in excess shall be borne by Reseller. Items ordered in excess of HP Indigo's Supplies Usage Guidelines shall be charged and billed to Reseller at HPs then current standard list price less Reseller's applicable discount rate.*
8. *As a precondition to joining the Tier Program or to including a specific Indigo Press under the Tier Program, all Indigo presses which belong to the Indigo Press Product Lines and which are operated by either the reseller and/or its customers must be included under the Tier Program.*

Thus, it can be seen from the above clauses that as per the usage of the customer, the tier level of the customer is determined. Further, under the tier



program, only the quantity which does not exceed the maximum usage per impression of supplies policy of HP can be purchased by the reseller, thus restricting the purchase of the said supplies, as per the pre-determined usage policy of the applicant. Keeping in mind the aforesaid clauses, we now proceed to examine the issue raised by the applicant to determine the classification of the supplies of ElectroInk and other imaging products provided by the applicant to the reseller.

5.5 The basic question to be decided in this matter is whether the supplies of the goods such as ElectroInk, Photo Imaging Plates, Binary Ink Developer, Printing blankets, recycled agent, imaging agent and imaging oil etc. by the applicant to the reseller can be considered to be a Composite Supply. The term 'composite supply' has been defined under Section 2(30) of the CGST Act, 2017 as under: -

*"Composite supply" means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.*

*Illustration- Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.*

We find that the following conditions have to be met by any supply of goods or services in order to be considered as a composite supply.

- i. The supply should be made by a taxable person to a recipient.
- ii. The supply should be taxable supplies of goods or services or both, or any combination thereof.
- iii. It should be naturally bundled.
- iv. It should be supplied in conjunction with each other.
- v. The Supply should be in the ordinary course of business
- vi. One of the supplies should be a principal supply.

In order to examine whether the goods supplied by the applicant can be considered to be a composite supply, we have to examine whether the goods supplied by the applicant fulfils all the conditions, as enumerated above, to qualify as a composite supply.

5.6 The supply should be made by a taxable person to a recipient: - In the instant case, we find that the supply of the goods are made by the applicant, who is a taxable person to their reseller and from the documents submitted, it is seen that M/s. Redington is the receiver of the goods.

5.7 The supply should be taxable supplies of goods or services or both, or any combination thereof:



In the instant case, the goods supplied are Printing Inks, Blanket, Photo Imaging Plates, Other Machine Products (Miscellaneous), BID-Binary Ink Developer, OIL, Blanket Web and other consumables. These goods are taxable goods under the GST.

5.7.1 The goods should be naturally bundled:

The CBIC flyer lays down certain guidelines to determine whether the goods or services are bundled in the ordinary course of business and whether they are naturally bundled. It states as under: -

*Whether services are bundled in the ordinary course of business would depend upon the normal or frequent practices followed in the area of business to which services relate. Such normal and frequent practices adopted in a business can be ascertained from several indicators some of which are listed below -*

- *The perception of the consumer or the service receiver. If large number of service receivers of such bundle of services reasonably expect such services to be provided as a package, then such a package could be treated as naturally bundled in the ordinary course of business.*
- *Majority of service providers in a particular area of business provide similar bundle of services. For example, bundle of catering on board and transport by air is a bundle offered by a majority of airlines.*
- *The nature of the various services in a bundle of services will also help in determining whether the services are bundled in the ordinary course of business. If the nature of services is such that one of the services is the main service and the other services combined with such service are in the nature of incidental or ancillary services which help in better enjoyment of a main service.*

*For example, service of stay in a hotel is often combined with a service or laundering of 3-4 items of clothing free of cost per day. Such service is an ancillary service to the provision of hotel accommodation and the resultant package would be treated as services naturally bundled in the ordinary course of business.*

- *Other illustrative indicators, not determinative but indicative of bundling of services in ordinary course of business are - - There is a single price or the customer pays the same amount, no matter how much of the package they actually receive or use.*
  - *The elements are normally advertised as a package. - The different elements are not available separately.*
  - *The different elements are integral to one overall supply - if one or more is removed, the nature of the supply would be affected.*

*"No straight jacket formula can be laid down to determine whether a service is naturally bundled in the ordinary course of business. Each case has to be individually examined in the backdrop of several factors some of which are outlined above."*



5.7.2 In order to examine whether the goods are naturally bundled, it is necessary to identify the various goods which are bundled together. It is seen that the applicant is supplying ElectroInk, Photo Imaging Plates, Binary Ink Developer, Printing Blankets, Imaging Oil, Blanket Web and other machine products termed as Operator Maintenance Parts in the definition of Supplies as per the agreement with the reseller i.e. Redington India Ltd. Further, from the Chartered Engineer's Certificate submitted by the applicant, it is seen that the List of Other Machine Products are as under:

S.No.	Other Machine Products
1	Imaging Agent
2	Recycling Agent
3	PIP Under layer
4	Filters
5	Kit Grid Scorotron
6	Bobbin Wire
7	Impression Paper Film
8	Cleaning Station Wiper
9	Suction Cup
10	Sponge Roller
11	Kit Gasket
12	Charge Roller
13	Gripper Clamp Assembly
14	BCS Film Roll

The word, naturally bundled, has not been defined under the GST Act. As per the GST Flyer on Composite supply, the concept of composite supply under GST is identical to the concept of naturally bundled services prevailing in the erst while service tax regime. This concept has been explained in the Education Guide issued by CBIC in the year 2012 as under - "Bundled service' means a bundle of provision of various services where in an element of provision of one service is combined with an element or elements of provision of any other service or services. An example of 'bundled service' would be air transport services provided by airlines wherein an element of transportation of passenger by air is combined with an element of provision of catering service on board. Each service involves differential treatment as a manner of determination of value of two services for the purpose of charging service tax is different." The rule is - 'If various elements of a bundled service are naturally bundled in the ordinary course of business, it shall be treated as provision of a single service which gives such bundle its essential character'.

5.7.3 In the instant case, two or more taxable goods are being supplied to the reseller under a contract and the billing for the same is done for the entire bundle of goods, it can be said that the goods are being supplied in a bundled manner.



The term 'naturally' has not been defined under the GST Act. Therefore, it is necessary to find out the meaning of the term 'naturally' as is known in the general parlance. The dictionary meaning of the term 'naturally' is as under:

As per Merriam Webster

1. By Nature: By natural character or ability.  
Naturally timid.
2. According to the usual course of things; as might be expected.
3. a: without artificial aid.
4. With truth to nature: realistically
5. Without special intervention: in a natural manner.

As per English Oxford Dictionary.

1. In a normal manner; without exaggeration or effort.
2. Act naturally.

5.7.4 From the aforesaid meaning of the word naturally and applying its meaning to the present context, we find that the goods should be bundled in such a manner that the bundle of goods aids in the activity of printing, bundling within itself, all the components necessary for the said purpose. Nothing more or nothing less shall be permissible as incorporation of anything in addition to that which is absolutely necessary or anything short of what is necessary for the printing process on the printing presses of the customer would render the bundle as an 'artificial' or a 'special' bundle, which has been done for the specific purpose of the seller, to achieve sales of particular products by forcefully bundling the same in a package. Such a package would normally be sold to the customer, who do not have much choice but to accept the bundle as a whole, even though some elements might not be absolutely necessary for the purpose in hand or might be available from elsewhere. On going through the agreement between the reseller and the applicant and the submissions made by the applicant, it is seen that certain types of Inks such as White, Fluorescent (Pink/yellow/orange/green), Transparent Ink, Vivid (Pink & Green), Light Cyan and Light Magenta, Silver and UV (yellow/blue) are not a part of the Click Tier Model and therefore also not a part of the bundle supplied by the applicant. Further, from the Appendix D to the agreement, it is seen that certain type of machine parts such as Topaz, 10%, Topaz, 17%, Sapphire Indicator, Sapphire Solution, MKT 051251, Custom Special Ink Series II, HP EI Inv. Red for WS4600 and HP EI Inv. Red Cali for WS4600 are also not part of the said bundle. We have also gone through the Chartered Engineers Certificate. In the said certificate, it is stated that all the consumables mentioned in the said certificate are consumed together at the time of printing and are an integral part of the HP Indigo Printers. There is no doubt that a lot of consumables will be consumed in a printing press. The Printing Machine



itself will be an integral part of the printing process. Similarly, the Other Machine Products such as PIP Underlayer, Filters, Kit Grid Scorotron, Suction Cup, Bobbin Wire, Suction Cup, Kit Gasket, Gripper clamp assembly etc., are parts of the machine which aids in the printing process. They cannot be termed as consumables which are used in the offset printing process in the same manner as printing ink, blanket, photo imaging plate, binary ink developer, imaging oil etc. They perform a different function as part of the offset printing machine setup. In fact, we find that the said machine products have been added as a part of the bundle, in an artificial manner and as a special packaging where the customer does not have any choice but to accept the bundle as presented by the applicant. One of the criteria laid down by the CBIC for determining whether any supply is 'naturally bundled' is to ascertain whether the elements are integral to the overall supply. We find that certain machine parts supplied in the bundle are not integral or part of consumables for printing but are machine parts used on the machines during the time of printing. Further, certain printing inks which are also necessary in an offset printing press and certain other operating parts have been excluded from the package. It is not the case of the applicant that these inks and parts are not necessary for the purpose of printing and therefore, exclusion of these inks also point to the fact that the bundle of goods supplied by the applicant is not naturally bundled but an artificial bundling or a special bundling created by the applicant.

5.7.5 We find that the applicant has submitted and relied upon certificate/declaration submitted by the customers who use these bundled goods in their printing presses. They have submitted certificates from Matha Digital Colour Lab dated 9.2.2019. In the said certificate, the customer confirms that certain types of inks which are required by them in the offset printing process are not covered under the click model and the same has to be procured by them from the reseller under the A La Carte model as per requirements. Further, the said customer also states that similar bundles under the click models are also supplied by other companies. However, the said certificate does not disclose the components and inks supplied in the said package by other suppliers and whether such bundles include 'other machine products' as a part of the bundles and whether certain types of inks used by them have to be procured additionally, which is not a part of the click model. We find that the click model is a pricing mechanism being operated by suppliers of offset printing consumables and printers who combine certain goods and sell them as a package to the customers. Each printing product



supplier company creates its own package, specific to the needs of the customers and the type of printing presses operated by the customers and the type of products available with them. Such bundles cannot be stated to be a naturally bundled package but a specially bundled package, which is based on certain usage parameters, the pricing patterns of the individual products and also based on the availability of supplies with a particular printing supply reseller/company. Such a bundle cannot be termed as naturally bundled goods. In the instant case, we find that the customer is having an option either to purchase the goods separately under the A La Carte Model or to purchase the bundle of goods under the 'click model' and the remaining supplies under the A La Carte model. Thus, the consumer views these models under the lens of pricing of the goods and he chooses whichever is most economical to him. It does not lead any evidence to the perception of the consumer that this is the industry norm but speaks of availability of the goods, either separately or in a bundled form on per click / per print basis. The intention of the consumer is to procure the goods required by him for his business in the most economical and cost-effective manner and not to procure all the electroink and consumable at one place for use in printing machines as argued by the applicant. In pursuit of this objective, he opts either for the A La Carte Model or the Click Model.

5.7.6 We further find that the Chartered Engineer in his Certificate dated 11.2.19 states as under: -

*"Accordingly, we are of the view that all the consumables shall be required to be supplied as a bundle to the customer to enable the customer to achieve the print."*

Such a statement in the said Certificate is not logical in the sense that applicant itself provides an option to the customers to purchase all these goods in an A La Carte Mode and therefore, requirement of supplying them as a bundle to the customer to enable him to achieve the said print is not essential, unnecessary or only optional. Just because all the consumables are required to be consumed together at the same time for effecting the desired output does not mean that it is necessary to be sold as a bundle or the said packaging in the bundle form is a naturally bundled package. It is not the case that no other component or consumable will be required other than that is in the bundle supplied by the applicant to achieve the printing process. This package may enable the said process to a large extent but it is nothing but an artificial or specifically bundled package of goods rather than naturally bundled goods.

5.7.7 We further find that the applicant has relied upon industry literature to demonstrate that the 'click model' is the standard industry practice for supply of consumables for digital presses, both in India and globally. They have

argued that this demonstrates that other suppliers also supply consumables as a bundle and charge of a per click model. They state that this satisfies the CBEC indicator that 'majority of service providers in a particular area of business provide similar bundles. We find that the industry write-ups provided and the customers declaration only prove that the industry uses the click models and provides the consumables as a bundle. But this does not mean at any goods, sold as a package, for which a 'click model' pricing is charged would be considered as naturally bundled. In fact, the 'click model' is a pricing model where the supplier's package certain consumables and charge a fixed price on the basis of the cost per print. It does not demonstrate the natural bundling of these goods, supplied by the applicant to its reseller. Each supplier may create a package of goods for the click model but it does not mean that the said package of goods is 'naturally bundled'. Each such model of bundling will have to be examined separately to identify whether the said bundling can be treated as supply which is naturally bundled. Rather, in practice, such supply by the applicant shows a bundling of goods in a 'special'/'specific'/'artificial' bundling of goods and charging for the same on a 'click model' basis. We find that this is not the case of bundling of goods and services such as Hotel room accommodation and Food served by various Hotels. Such practice is universally followed by the industry as a norm. Similarly, food served to passengers on an Airplane is also an industry practice. However, in order to qualify as a composite supply, the bundling should be natural and such natural bundling should be the industry norm. The applicant has failed to demonstrate that the entire industry packages the bundles in a similar manner, leaving out certain types of inks and components and adding machine parts as part of the package. Such a packaging is nothing but an artificial bundling of goods and a package of goods which is more appropriately akin to mixed supply of goods.

5.7.8 We further find that CBIC in its flyer mentions one of the indicators to determine whether the supplies are naturally bundled is that the elements are not available separately. The Agreement between the applicant and reseller mentions that if a customer so chooses, he can purchase the goods separately and then he will not be eligible to avail the click model for purchase of the said goods. This demonstrates that the customer can opt for A La Carte Model and purchase these goods separately and does not have to follow the method of buying the goods in a bundle. In such a scenario, he will have to pay separately for each of the products so purchased by him. Thus, these goods are available separately also under the A La carte Model. Thus, the only difference in



procuring these goods is the pricing - there is a fixed price per print for the click model OR the price of the consumables has to be paid independently for each of the goods purchased irrespective of the number of prints achieved. Thus, it is not a case that the goods are not available separately and can only be purchased in a bundle.

5.7.9 One another indicator whether the goods supplied are naturally bundled in the ordinary course of business is that the consumer will pay the same price irrespective of the quantity of the goods he receives or uses. In the instant case, it is seen that there is a Maximum Usage Limit laid down in the agreement. Clause G (2) of the agreement mentions that the reseller has elected to purchase the supplies under the tier program, the applicant shall provide reseller with all its needs for supplies for use solely on the Indigo presses to the extent that such needs do not exceed HP's maximum Usage Per impression of Supplies. Failure to comply with this requirement may result in the applicant modifying its pricing. Further, the agreement between the Reseller and the customer in Clause 2 specifies that the supplies will be provided to the extent that such needs do not exceed HP-Indigo's maximum usage per impression. The usage of the supplies shall be monitored on a monthly basis. In case the supplies usage exceeds the maximum usage per impression the customer will be provided 3 months period to improve the usage. If the usage does not improve within this period, the price of the consumables, operator maintenance parts etc., consumed in excess shall be recoverable or the click charges will be increased to recover the costs. This demonstrates that the limited quantity of bundled goods only will be supplied and if the usage exceeds the policy set down by the applicant, extra charges will be recovered. Thus, it is seen that the customers do not have the option of a fixed price for the bundle, irrespective of the quantity used.

5.7.10 One another indicator of naturally bundled goods is the consumers perception / expectation of the said goods being available as a bundle and not available separately. In the instant case, it is a fact that the goods are being supplied by the applicant in a bundled manner. However, the customer has the option to purchase the goods in the bundle or separately as an A La Carte Model. They can choose between the two models based on their own costing and pricing decisions. Therefore, the perception of the customer is that the goods can be procured either separately or in a bundled manner. It is not the case that the customer demands a click model and would not buy these goods separately. They have the option to buy the same



separately also. Further, the components of the bundle itself is of significance to establish whether the goods are naturally bundled.

5.7.11 We find that the goods supplied by the applicant in a bundled manner cannot be termed to be naturally bundled as envisaged under the definition of Composite Supply. The goods are in fact specifically bundled as per the package designed by the applicant, leaving the option to the buyers to either go for the A La Carte Model or the Click Model, whichever is convenient or cost effective for their purposes. Such a bundling cannot be treated as naturally bundled but as a specific bundling/artificial bundling of various consumables such as inks, other consumables and machine parts by the applicant. It is only when there is an integrated nexus between the supply of two goods in such a manner that the supply of one good becomes a necessary concomitant for the supply of other goods. In such cases, the supply of such goods would be treated as being bundled in the ordinary course of business. In the instant case, there is no such integrated nexus or situation where printing ink cannot be supplied but with those consumables. Printing Ink can be supplied separately and is being supplied separately. Similarly, all other components can be supplied separately and there is no necessity that the said goods should only be supplied in a bundle. We find that it is not the case in hand that consumables are so integrated that they cannot be sold, except in conjunction with each other.

5.8 The goods are supplied in conjunction with each other: - The applicant has argued that the click model represents the standard and predominant method of supply for the applicant and nearly 99% of customers utilize the click model. However, this does not establish that such a supply is the norm as argued by the applicant. The customers prefer the most cost-effective model of purchase of their inputs. Since they find the said model most cost effective and since the customers are 'captive customers' who have to purchase H P consumables for use in HP Indigo Printing Presses, they have no option but to purchase the consumables and other goods, in whatever manner in which it is made available to them by a monopolist supplier.

5.8.1 The applicant has argued that the supplies are received by the reseller as a bundle and are supplied as such to the end consumer. They have stated that the supplies have been made at the same point of time and is not split over different period. This argument of the applicant to emphasize that the goods are sold in conjunction to each other is not valid. The applicant has not provided delivery challans to prove that the goods are delivered in a bundle at the same time to the reseller or to the customers. The Applicant have themselves agreed that the consumption of the goods have their own



timelines. The inks may be supplied after 1000 Clicks while the other consumables like Imaging Plates may be replaced after 2000 Clicks. Thus, even though the goods are sold under one pricing model, where the entire bundle of goods are charged at a common derived pricing based on number of prints/clicks, physically, the goods are not delivered at the same point of time. They are delivered across the time periods and the billing is done on the basis of consumption during periodic intervals. As mentioned hereinabove, each component mentioned by the applicant to be present in the bundle of goods supplied, have different life spans in the printing process. Ink has to be supplied many times, while other components are replaced only after much higher usage. Machine Parts supplied along with consumables may have a different life span and method of usage. Therefore, the argument that the bundled supply of goods is made at the same point of time and is not split over different period of time periods is not proper. The billing process considers the value of the goods on the basis of a common matrix of number of clicks and the Tier level. Thus, it bills the consumption of the goods on a proportionate basis. For example, when an imaging plate is being used, it is possible that during the billing period only half of the life span of the plate is completed and the remaining half will be billed only in the next billing period.

5.8.2 We also find that some of the goods in the bundle such as other machine parts are not similar to the consumables such as ink and imaging plates contained in the bundle. In fact, such machine parts are parts of printing machine, which may have to be replaced periodically, due to higher wear and tear. However, they cannot be considered to be consumables in the printing process. The printing process described by the Chartered Engineer does not provide any role to such other machine parts in the normal printing process

5.9 One of the goods in the bundle must be the principal supply: - The CBIC flyer mentions that in the case of naturally bundled supply, one of the supplies will be the principal supply and the other elements supplied will be ancillary to the principal supply. All the illustrations mentioned in the CBIC flyers clearly demonstrate this concept of principal supply and ancillary supply.

5.9.1 We find that the applicant has argued that the ElectroInk is the principal component of the supply, and the remaining consumables just aid in placement of the ink on the paper to affect the desired printout. They have also emphasized that the ElectroInk is the most consumed in terms of volume, which is 41% of all the items consumed, supplied in the bundle. The applicant has also submitted a Chartered Engineer's Certificate and argued that the Chartered Engineer's Certificate explains the technical process of HP Indigo



Press, confirming that printing cannot be achieved unless all these items are present and used together as prescribed. The printing process demonstrated by the Chartered Engineer is as under: -

Ink Stored in the Cartridges in concentrated form



Move to the BID where the ink is developed to make it ready for prints



Ink from BID is flowed on the imaging areas of the PIP where the negative of the image to be printed.



The ink on the PIP is transferred to the Blanket



The Blanket moves the ink on the substrate (paper) on which it is to be printed.

5.9.2 We find that the Chartered Engineer has demonstrated not the printing process but the flow of the Electro Ink in the printing process. This appears to have been done to demonstrate and highlight the use of ink and to attempt to establish the pre-dominance of Ink in the printing process. However, as per the applicants own submission, the printing process is as under: -

The HP Indigo Printing engine perform the following operations sequentially:

1. Electrostatic Charging, of the electrophotographic Photo Imaging Plate (PIP) which is mounted on the imaging cylinder.
2. Exposure of the PIP by a scanned array of laser diodes. These lasers are controlled by the raster image processor which converts instructions from a digital file into 'Power' instructions for the lasers.
3. Image development performed by the Binary Ink Developer (BID) Units.
4. Discharging the PIP in preparation for transfer.
5. Transfer of inked image to the blanket cylinder
6. Heating of inked image carried by the blanket forming the final image in form of a thin tacky film
7. Complete transfer of the final image to the substrate held by the impression cylinder and
8. Removal of any residual ink and electrical charge from the PIP cooling of the PIP after engagement with the hot blanket.



When the process as explained in the writeup provided by the applicant regarding the printing process of a HP Indigo Press is compared with the process mentioned by the Chartered Engineer, it is clear that the process mentioned by the Engineer is a feeble attempt to establish that the entire printing process is dependent on the printing Ink and that it is playing the predominant role in the entire process. However, we find that all the elements supplied such as PIP Imaging Plates, Binary Ink Developer, Blanket, Blanket Web, Printing Ink etc., play an equally important role in the printing process. One element cannot be picked up and held to be the principal supply. The Chartered Engineer in his Certificate testifies as under: -

*"Functionally the print shall not be available to the customer unless all the goods are used in the prescribed manner to take the print out.*

*To conclude, all Indigo Press Consumables are necessarily required to be consumed together at the same time for effecting the desired output."*

Thus, it is clearly revealed from the printing process as given in the writeup regarding HP Indigo Press printing process and the aforesaid statement of the Chartered Engineer that all the printing consumables comprising of Electroink, blanket, Photo Imaging Plate, binary ink Developer, Blanket Web etc., are equally important and indispensable for the printing function of the indigo presses. It is seen that there is no single element in the bundle of goods supplied which is more significant or pre-dominant than others, thus ruling out the possibility of any element or goods being the principal supply. Further, it is seen that none of the goods in the bundle can be treated as an ancillary item, as all the components are indispensable in the printing process and are not superior or subordinate in nature. Every item is providing a specific function and each function is indispensable and integral to the printing process. In the absence of any one of the elements in the bundle, (except for some operator maintenance parts), the printing process can stall, which clearly shows the importance of each of the components of the bundled goods.

5.9.3 One of the primary requirements for any supply to be treated as a composite supply is that one of the supplies in the composite supply shall be the principal supply and the other supplies shall be ancillary to the said principal supply. The illustration provided under Clause (3) of Section 2 of the CGST Act, 2017, states as under\_

*Illustration- Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.*



It is clearly seen from the aforesaid illustration that the supply of the goods is the principal supply and there will be no need of the use of transport or insurance service if no goods are supplied. Thus, in the absence of any principal supply, there will be no ancillary supplies and, in such cases, the said supply shall not be considered as a composite supply. When we apply the same concept in the instant case before us, we find that there are no single goods in the bundled package which can be treated as a principal supply. All the consumables are equally important for the printing process and none of the consumables can be treated as ancillary to any of the other. All these goods can be supplied independently to the customer and it would not affect the printing process. There is no compulsion that the Photo Imaging Plate should be supplied along with the printing ink or that supply of printing ink would become useless unless it is supplied along with a Photo Imaging Plate or Binary Ink Developer. Those items can be procured independently and used in the printing presses. In fact, the applicant themselves provide such an option to the customers.

5.9.4 To support their claim, the applicant has cited various illustrations mentioned in the CBIC Flyers and Circulars in respect of composite supply. One such illustration is as under: -

*If the nature of services is such that one of the services is the main service and the other services combined with such service are in the nature of incidental or ancillary services which help in better enjoyment of a main service. For example, service of stay in a hotel is often combined with a service or laundering of 3-4 items of clothing free of cost per day. Such service is an ancillary service to the provision of hotel accommodation and the resultant package would be treated as services naturally bundled in the ordinary course of business.*

In the aforesaid illustration, it is clear that hotel accommodation is the main and principal supply whereas supply of food, laundry etc., is the ancillary service incidental and dependent upon the main service. However, in the instant case, the argument of the applicant that the Principal Supply is Printing Ink does not appear to be proper in view of the fact that supply of other consumables such as Photo Imaging Plate, Binary Ink Developer or blanket and blanket web, imaging oil etc., is not dependent, ancillary or incidental to the supply of printing process. Each of these goods are critical and compulsorily required for the printing process and is not ancillary or incidental or dependent on each other. Therefore, the printing ink cannot be considered to be the principal supply in the instant case. In Circular No.32/06/2018 GST dated 1.3.2018, it was clarified by the CBIC that which part of the composite supply is principal supply, must be determined keeping



in view the nature of the supply involved. Value may be one of the guiding factors in determination but not the sole factor. It was further mentioned that the primary question which should be asked is what is the essential nature of the composite supply and which element imparts the essential nature to the composite supply. Thus, the value or the volume of any one element in the bundle will not be the only determinative factor in deciding whether it is the principal supply. The argument of the applicant that ElectroInk comprises of 41% of the volume of the goods consumed and therefore it is the principal supply due to such high consumption without establishing that the ink is imparting the essential nature of the supply is not proper or tenable.

5.9.5 We find that the applicant has referred to Q.6, Page 26 of 3<sup>rd</sup> Edition of FAQ's dated 15.12.2018 where an illustration of composite supply was provided as under: -

When a consumer buys a television set and he also gets a warranty and a maintenance contract with the TV, this supply is a composite supply. In this case, the TV is the principal supply and the warranty and maintenance service are ancillary services. In this case the TV provides the essential character to the supply and the warranty and maintenance are ancillary or supportive. Without a TV, there is no need for providing warranty or maintenance services. However, in the instant case, all the components including electroink, PIP Imaging Plate, Binary Ink Developer, Blanket, blanket Web, etc. are equally important and indispensable. It is not the case that ElectroInk is the principal supply and since it is being supplied, the other consumables also need to be provided. The other components of the supply are not ancillary or incidental to supply of Ink. In fact, if the applicant had provided printing press along with the consumables as a package, that would have been considered a composite supply with the printing press being the principal supply and the consumables being ancillary or incidental. However, in the present bundle, none of the elements can attain the status of principal supply nor can any element push other goods to the status of ancillary or incidental. Similar is the case of the illustration of Health Care Services and food and medicines provided with such services as mentioned in circular No 32/06/2018 GST dated 12.2.2018. In the said case Health care services provided Clinical Establishments will include food supplied to patients. Food supplied is part of the composite supply and Health care service is the principal component of the composite supply. Food supplied is ancillary to providing the healthcare and therefore the said services have been considered as composite supply.



5.9.6 What we find from all these illustrations and clarifications provided by the CBIC and the legal enactment is that for any supply to qualify as a composite supply, it must comprise of one principal supply and other ancillary supplies. In the instant case, merely because the volume of consumption of ElectroInk is highest does not establish the fact that it is the principal supply and all other elements or component of the bundled supply are ancillary or incidental to the supply of Ink. It is not possible to conclude that ElectroInk is providing the essential character to the bundle. The bundle of goods supplied constitutes various consumables, each equally important in the printing process, with no consumable being predominant and attaining the status of a 'Principal Supply'.

5.9.7 The term Principal Supply has been defined under Section 2(90) of the CGST Act as under:

*"Principal supply" means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary"*

Thus, in order to qualify as principal supply, any goods forming part of the bundle has to pass the dual test of being the predominant element and also the test of other goods being ancillary to the said goods. In the instant case, even if we consider the ElectroInk being predominant in terms of volume, it fails the test of being the main supply and the other goods in the said bundle of goods are not ancillary or incidental to the supply of ElectroInk. Therefore, we find that ElectroInk cannot be termed as the principal supply in the bundle of consumables being supplied by the applicant. None of the goods supplied along with the ElectroInk in the bundle are ancillary to the ElectroInk and as already pointed out hereinabove, the other consumables are equally important, essential and necessary for fulfilling the function of printing. They cannot be termed as ancillary to the Ink. Each of the goods perform a specific function as is seen from the printing process described hereinabove and absence of any of the consumables from the bundle may hamper the printing process. Therefore, we find that the said bundle of goods supplied by the applicant cannot be considered as a composite supply on the ground that one of the goods supplied in the bundle qualifies as a principal supply.

5.9.8 Further, an ancillary supply within a 'composite supply' can be identified on the basis of the following factors: –

- a) It is a means of better enjoying the dominant thing supplied, and is not an aim in itself for the recipient/customer or
- b) It is necessary or contributes to the supply as a whole, but cannot be identified as the dominant part of the supply; or

- c) It contributes to the proper performance of the contract to supply the dominant part;

We find that in the instant case, all the consumables such as Photo Imaging Plate, Binary ink developer, Blanket, blanket web, imaging oil, etc., have a specific role in the printing process. They cannot be considered to be ancillary to the printing ink. These components/consumables have a distinct and specific role in the printing process and is not ancillary or supportive role to the use of printing ink. All the consumables are equally important none of the components contribute to the proper performance of the contract to supply the dominant part. It is not the case that printing ink cannot be supplied unless these consumables are also supplied with the ink. The very fact that other inks are supplied, standalone, without any consumables under the A La Carte Model clearly suggests that it is not necessary to supply these consumables along with printing ink under a contract. They do not contribute to the functioning of the Ink. They contribute to the entire printing process. Therefore, they cannot be considered as ancillary to the printing ink.

5.9.9 The Hon'ble Gujarat High Court in the case of Torrent Power Ltd. Vs. Union of India reported in 2019 (1) TMI 1092, in para 26 clearly lays down the legislative intent of Mixed Supply and Composite Supply as under: -

*"The above illustration gives an indication of the intent of the legislature vi. It makes it clear that what is to be treated as 'mixed supply' is a combination of supplies wherein each of the items forming part of the supply can be supplied separately and are independent of each other but are supplied in conjunction with each other. Adverting to the fact of the present case, the related supplies cannot be supplied separately nor are the principal supply and related supplies independent of each other. The related supplies are dependent on the principal supply of transmission and distribution of electricity and vice versa. Neither service can be provided independent of the other. The transmission and distribution of electricity cannot be done without the help of electric line, electric plant and electric meter and nor can the related services be used for any purpose other than for transmission and distribution of electricity. The principal supply and the related/ancillary services go hand in hand and one cannot be provided independent of the other".*

In the instant case the printing inks and other consumables can be supplied independent of each other. They can be supplied independently under the A La Carte Model and can be used for the purpose of printing. It is not necessary that the inks and consumables go hand in hand and cannot be provided independent of each other. The consumables are not ancillary to any principal supply.



5.10 We find that merely because certain goods are packaged or sold in a bundle for which a common price is charged does not by itself make supply of such goods a composite supply. A billing agreement to charge a single price for the entire bundle will not render the supply to be naturally bundled and a composite supply. In fact, such a supply can be considered as a Mixed Supply under the provisions of Section 2(74) of the CGST Act, 2017. Section 2(74) reads as under: -

*"Two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.*

*Illustration. – A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately"*

In the instant case, we find that the goods supplied by the applicant do not qualify as a composite supply in view of the fact that the goods are neither naturally bundled nor is there any specific goods which can be considered as principal supply. We find that it is a combination of various consumables and machine parts used in the printing industry being supplied for a single price. Such combination of goods would constitute a supply of goods which can be considered as 'Mixed Supply'.

5.11 In view of the above, we find that the goods supplied by the applicant cannot be classified as a 'composite supply' but it rather fulfills the conditions of 'Mixed Supply' and shall be charged to tax accordingly, as per Section 2(74) of the GST Act, 2017, read with Section 8 of the GST Act, 2017.

5.12 We now proceed to determine the time and value of supply of ElectroInk with the consumables under the HP Indigo Press Contract. On verification of the Contracts / Agreements between the applicant and M/s. Redington India Ltd (the reseller) and the back-to-back Agreement between M/s. Redington India Ltd. and their customers, it is seen that the applicant has contracted with the reseller to supply the ElectroInk and other consumables to be used by customers of HP Indigo Presses. The said goods are sold only for use of the customers and not for resale and the billing for such arrangement shall be based on per click basis. The total value of the supplies shall be calculated on a monthly basis depending upon the Indigo Machine Press Series, number of clicks and the type of print performed. The contract also mentions that the supplies shall remain the property of the applicant and it shall be passed on to the customer through the reseller only upon consumption and on invoicing and receipt of the payment. Further, the applicant submits that the supplies made by them are on continuous basis in accordance with the terms of the contract entered and the applicant is required to raise invoice on periodic basis. As per Section 2(32) of the CGST Act, 'continuous supply of goods' is defined as under:-



*"continuous supply of goods" means a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis and includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify.*

The said provision envisages the following conditions for any supply to be treated as continuous supply;

1. Supply of goods or services on a continuous or recurrent basis- There must be a supply of goods or services on a continuous or recurrent basis. The term "recurrent" means regularly or frequently. For example, if registered person supply goods to a particular customer multiple times in a month, in separate consignments, this would consist continuous supply.
2. Under a Contract - Supply has to be under a contract. The contract need not be express or in writing. It may be stipulated from the conduct of the parties.
3. Whether or not by means of a wire, cable, pipeline or other conduit - Though the statute has used terms as wire, cable, pipeline or another conduit, they are merely illustrative. Even if, the supplier delivers goods to the recipient through other means that would constitute a continuous supply.
4. Supplier invoices the recipient on a regular or periodic basis - Which means, invoice need not be raised after every consignment. The periodic billing is permitted.

In the instant case, we find that the goods are being supplied on a continuous basis in accordance with the terms of the contract and that billing for the goods is done on a periodic basis. On going through the agreements between the applicant and the reseller, it is clear that the contract is for supply of a bundle of goods on a continuous basis, the invoices for which will be issued periodically i.e. on the 15<sup>th</sup> day of the end of a calendar month as per clause G (5) of the Agreement. Thus, we find that the supply of the goods by the applicant can be treated as a continuous supply of goods as envisaged under Section 2(32) of the CGST Act, 2017.

#### 5.13 Time of Supply of Goods.

Time of supply of goods under the CGST Act is determined in terms of Section 12 (2) of the Act. As per Section 12 (2) the Time of supply shall be: -

2) The time of supply of goods shall be the earlier of the following dates, namely: -

- (a) the date of issue of invoice by the supplier or the last date on which he is required, under section 31, to issue the invoice with respect to the supply; or
- (b) the date on which the supplier receives the payment with respect to the supply:

Provided that where the supplier of taxable goods receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent



of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount.

*Explanation 1. - For the purposes of clauses (a) and (b), "supply" shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.*

*Explanation 2. - For the purposes of clause (b), "the date on which the supplier receives the payment" shall be the date on which the payment is entered in his books of account or the date on which the payment is credited to his bank account, whichever is earlier.*

Thus, the time of supply would be the earliest date of the following:

- i) date on which the invoice is issued
- ii) Last date for issue of an invoice under Section 31
- iii) The date of receipt of payment with respect to the supply

In the instant case, since the supply is a continuous supply, the provisions of Section 31(4) relating to the date of issue of invoices in case of continuous supply becomes relevant. The Section 31(4) states as under:

*(4) In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received,*

As per the contract/agreement between the applicant and the reseller, it is seen that the applicant raises an invoice on the 15<sup>th</sup> day after the end of a calendar month. The applicant issues a detailed invoice showing the total number of clicks per customer of the reseller and the amount to be recovered from the reseller. Therefore, the time of supply in this case will be earliest date between the date of issue of invoice or the date of payment for the impugned supply, as per the provisions of section 12(2) of the CGST Act, 2017.

5.14 Value of Supply: - We have already held that the supplies made by the applicant are to be treated as 'Mixed Supply'. The supply is also a continuous supply where the applicant is issuing invoices to the reseller for the goods supplied. The invoices are issued on the basis of 'per click'/'per impression' of the prints taken out by the customers of the reseller as per a pre-determined formula, as detailed in the contract. This is nothing but the transaction value for the said supplies. Therefore, the value of the goods supplied by the applicant shall be determined on the basis of the said transaction value, as mentioned in the invoice issued by the applicant as per Section 15 of the GST Act, 2017,

**6. In view of the extensive deliberations as held hereinabove, we pass an order as follows:**

**ORDER**

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

NO.GST-ARA- 38/17-18/2024-25/B-641

Mumbai, dt. 30.12.2025

For reasons as discussed in the body of the order, the question is answered thus -

**Question 1:** - Classification of ElectroInk supplied along with consumables under GST.

**Answer:** - The supply of ElectroInk along with consumables and operator parts is a mixed supply as per Section 2(74) of the GST Act and will be classified as the supply of that particular supply attracting the highest rate of tax amongst all the goods in the mixed supply.

**Question 2:** - Determination of time and value of supply of ElectroInk with consumables under the indigo press Contract.

**Answer:** - The time of supply will be the date of issue of invoice or the date of receipt of payment, whichever is earlier. The value of the supply will be the transaction value as reflected in the tax invoice issued by the applicant in terms of Section 31(4) of the GST Act.



*Dipak Gojamgunde*  
**DIPAK GOJAMGUNDE**  
(MEMBER)

*Himani Dhamija*  
**HIMANI DHAMIJA**  
(MEMBER)

**Copy to:** -

1. The applicant
2. The Concerned Central / State officer
3. The Commissioner of State Tax, Maharashtra State, Mumbai
4. The Joint commissioner of State Tax, Mahavikas for Website.

**Note:** -An Appeal against this advance ruling order shall be made before The Maharashtra Appellate Authority for Advance Ruling for Goods and Services Tax, 15<sup>th</sup> floor, Air India Building, Nariman Point, Mumbai - 400021. Online facility is available on [gst.gov.in](http://gst.gov.in) for online appeal application against order passed by Advance Ruling Authority.