

M/s Giriraj Renewables Private Ltd.

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 01 / 2018 dated 21st March, 2018

Dated **21.03.2018**

Q Questions Before the Authority

- Whether supply of turnkey Engineering, Procurement & Construction (EPC) Contract for construction of solar power plant wherein both goods and services are supplied can be construed to be a Composite Supply in terms of Section 2(30) of CGST Act, 2017.
- If Yes, Whether the Principal Supply in such case can be said to be Solar Power Generating System which is taxable at 5% GST.
- Whether benefit of concessional rate of 5% of solar power generation system and parts thereof would also be available to sub-contractors.

F Facts

The applicant is an EPC contractor engaged in setting up solar photovoltaic plants for developers. The applicant sought a ruling on whether their turnkey contracts constitute a composite supply with the solar power generating system as the principal supply, thereby attracting a 5% GST rate. The applicant also inquired if this concessional rate extends to sub-contractors.

H Ruling

Whether the EPC contract is a composite supply	No	The major component (PV modules) is procured by the owner, not the applicant.
Whether the principal supply is Solar Power Generating System	Not relevant	The question is not relevant due to the answer to the first question.
Whether concessional 5% rate is available to sub-contractors	Depends on the specific nature of supply	Sub-contractor supplies are viewed as individual supplies, not based on the main contractor.

The Authority ruled that the contract does not constitute a composite supply because the major component, the PV modules, is procured directly by the owner and not supplied by the applicant. Consequently, the question regarding the principal supply is irrelevant. Regarding sub-contractors, the Authority held that their supplies must be viewed as individual transactions subject to the appropriate GST rate based on the specific nature of their supply.

R Reasoning

The Authority examined the draft contract and found that the owner procures the PV modules via High Sea Sale and provides them as 'Free Issue Equipment' to the applicant. Because the applicant does not supply the major component (constituting 60-70% of the value), the **essential condition of natural bundling** for a composite

supply is not met. The Authority relied on Section 2(30) of the CGST Act, 2017, which defines composite supply, and concluded that the applicant's claim of a principal supply is factually unsupported by the contract terms.

P Provisions Relied On

Section 2(30) of the CGST Act, 2017

Section 8 of the CGST Act, 2017

Notification no. 1/2017-Integrated Tax (Rate)

! For the Practitioner

This ruling serves as a warning that the **contractual structure of supply** is paramount in determining whether a transaction qualifies as a composite supply. Practitioners should note that if a client does not supply the major components of a project, they cannot claim the benefit of a principal supply classification. It does not provide a blanket exemption for sub-contractors, who must instead justify their own tax liability based on their specific scope of work.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> 01-giriraj_renewables-aar-order.pdf

Prepared 16-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com