TELANGANA STATE AUTHORITY FOR ADVANCE RULING
CT Complex, M.J. Road, Nampally, Hyderabad-500001.
(Constituted under Section 96(1) of TGST Act, 2017)

Present:
Sri Vivekananda Reddy, I.R.S., Additional Commissioner (Central Taxes)
Smt. K. Geeta, Additional Commissioner (State Taxes)

A.R.Com/01/2026 **Dated:18.09.2026**

TS AAR Order No. 09/2026

[ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 AND UNDER SECTION 98(4) OF THE TELANGANA GOODS AND SERVICES TAX ACT, 2017.]

******

1. M/s. UFO Moviez India Limited, Hyderabad – 500 033, Telangana (GSTIN 36AABCV8900E1ZG) has filed an application in FORM GST ARA-01 under Section 97(1) of TGST Act, 2017 read with Rule 104 of CGST/TGST Rules.

2. At the outset, it is made clear that the provisions of both the CGST Act and the TGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the TGST Act. Further, for the purposes of this Advance Ruling, the expression 'GST Act' would be a common reference to both CGST Act and TGST Act.

3. It is observed that the queries raised by the applicant fall within the ambit of Section 97 of the GST ACT. The Applicant enclosed copies of challans as proof of payment of Rs. 5,000/- under SGST and Rs. 5,000/- under CGST towards the fee for Advance Ruling. The Applicant has declared that the questions raised in the application have neither been decided nor are pending before any authority under any provisions of the CGST/TGST Act'2017. The application is, therefore, admitted after examining it and the records called for and after hearing the applicant as per section 98(2) of TGST Act'2017.

4. BRIEF FACTS OF THE CASE:

4.1 UFO Moviez India Ltd "UFO", Registered vide GST No: 36AABCV8900E1ZG. The company core business is Leasing of Digital Cinema Equipment "DCE". The DCE consisting of Projector, Server, UPS and VSAT. The company is dealing with theaters across state of Telangana. UFO is also providing Services to Advertisers by exhibiting their advertisements in Cinema halls. UFO is also selling consumable spares to theaters.

4.2 As per Notification No.11/2017 the tax rate for Leasing transaction is to be derived as same rate of central tax as on supply of like goods involving

www.taxcode.in
Scanned with OKEN Scanner

transfer of title in goods. However, company is leasing out four different equipment's (Projector, Server, UPS and VSAT).

4.3 M/s UFO Moviez India Limited, Hyderabad is providing four major equipment's with different HSN and charging Lease rental for entire set in single invoice. Company is following provisions prescribed under section 8 of CGST/SGST Act 2017.

5. **QUESTION RAISED**:

1. The Rate of tax of Leasing Services of four different equipment's (Projector, Server, UPS and VSAT).

6. **PERSONAL HEARING:**

The authorized representative Nilesh Lad, AVP Taxation, appeared before the AAR on 29.06.2026 and reiterated their averments in the application submitted.

7. **DISCUSSION & FINDINGS:**

7.1 M/s UFO Moviez India Limited, Hyderabad core business is Leasing of Digital Cinema Equipment "DCE". The DCE consisting of Projector, Server, UPS and VSAT. The company is dealing with theaters across state of Telangana. UFO is also providing Services to Advertisers by exhibiting their advertisements in Cinema halls. UFO is also selling consumable spares to theaters.

7.2 We find that the applicant is providing four different equipment's (Projector, Server, UPS and VSAT). M/s UFO Moviez India Limited, Hyderabad is providing four major equipment's with different HSN and charging Lease rental for entire set in single invoice.

7.3 The applicant interprets that the services provided by the company is squarely covered under section 8 i.e. mixed supply and under such scenario HSN which has highest rate of tax will be applicable to such services.

The applicant's interpretation of law is as under: -

(i) The provisions relating lo principal supply, composite Supply and mixed supply is as under: -

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

(b)"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 a1·c 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;

(c) "mixed supply" means 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.

www.taxcode.in
Scanned with OKEN Scanner

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;

(i) The tax liability on a composite supply or a mixed supply shall be determined in the following manner: -

(a) a composite supply consisting of two or more taxable supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and

(b) a mixed supply consisting of two or more taxable supplies, shall be treated as a supply of that particular supply which attracts the highest rate of tax.

7.4 As per the definition of composite supply under Section 2(30) of the CGST Act, a supply is said to be a composite As per the definition of composite supply under Section 2(30) of the CGST Act, a supply is said to be a composite supply if two or more taxable supplies of goods or services or their combination thereof, are naturally bunded and supplied in conjunction with each other in the ordinary course of business. Further, one of the services in a composite supply is a principal supply. As per Section 2(90) of the CGST Act, the supply of goods or services which constitutes the predominant clement or a composite supply is the principal supply, the other supplies of the composite supply being ancillary. Thus, if we assume that the supply proposed to be made by the applicant is a composite supply, then Projector, Cineblaster (Server), UPS & VSAT then would constitute the principal supply as it constitutes the predominant element of a composite supply. However, we find that apart from the above, there is another leg of' the definition, which is important. In a composite supply, the two or more taxable goods or supplies should be naturally bundled and supplied in conjunction with each other in the ordinary course of trade. An illustration has also been provided below the definition of composite supply to explain the meaning of naturally bundled. The example provided in the illustration is supply or goods along with transportation and insurance. When the goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply, the supply of goods being the principal supply. The rule, therefore, is, if various elements of a bundled service arc 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.

7.5 The CBIC in its Flyer No.4, dated 5-8-2019 has listed some indicators to asce1iain whether the bundled services arc naturally bundled in the ordinary course of business, as under: -

- 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.

www.taxcode.in
Scanned with OKEN Scanner

- 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.

7.6 We find that none of the indicators mentioned above apply to the supply intended to be made by the applicant. Majority of businesses which arc similar lo the applicant's do not provide such bundling as a matter of course. Therefore, we are of the view that the supply of "DCE" will not constitute a composite supply.

7.7 This brings us to the next question as to whether, such supply would fall under mixed supply. As per Section 2 (74) of the CGST Act, 2017, a mixed supply means two or more individual supplies of goods or service or any combination thereof', made in conjunction with each other for a single price where such supply does not constitute a composite supply. From the definition, we find that only those bundled supplies which do not constitute a composite supply, can fall under mixed supply. We have already discussed in the preceding paras as to why the supply in question is not a composite supply. We find that the illustration provided below the definition of' mixed supply gives an example of a supply of a package consisting of caned roods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices, which when supplied for a single price as a mixed supply. The illustration further mentions that each of these items can be supplied separately and is not dependent on each other. Thus, for a bundled supply to be a mixed supply, the following elements are required: -

- It should not be a composite supply (in other words they are not naturally bundled)
- It should have a single price

www.taxcode.in
Scanned with OKEN Scanner

- Each of the items can be supplied separately and is not dependent on each other.
- The items should not be supplied separately.

7.8 As mentioned the items provided by the applicant on lease basis are not naturally bundled and is therefore, not a composite supply. The leasing of "DCE" is provided with all the equipment for a single lease and are not supplied separately. Therefore, we hold that the supply of "DCE" will fall under the ambit of mixed supply.

7.9 As per Section 8(b) of the CGST Act, 2017, a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax. Thus, when the "DCE" is supplied the highest rate of tax rates which each them are attract, will be the rate of tax at which mixed supply is to be made.

8.0 The applicant submitted that the DCE contains the following;

Type of Equipment's	HSN Code
Projector	85286200
Cineblaster (Server)	85219090
UPS	85044090
VSAT	85299090

The Projector with HSN 8528 has the highest rate of tax among the above items. Therefore, the GST rate on Projector shall apply to the "DCE".

In view of the foregoing, we rule as follows:

In view of the above discussions, the question raised by the applicant is answered below:

Question	Ruling
1. The GST Rate applied by the Company on its Leasing Services is correct as per the provisions of law.	The applicable rate of GST on the mixed supply of digital cinema equipment (DCE) containing of Projector, Server, UPS, VSAT is; a) 28% (14% CGST + 14% SGST) upto 21.09.2025. b) Thereafter 18% (9% CGST + 9% SGST).

Additional Commissioner
(Central Tax)

Additional Commissioner
(State TAX)

[under Section 100 (1) of the CGST/TGST Act, 2017, any person aggrieved by this order can prefer an appeal before the Telangana State Appellate Authority for Advance Ruling, Hyderabad, within 30 days from the date of receipt of this order]

www.taxcode.in
Scanned with OKEN Scanner

To

M/s. UFO Moviez India Limited, Hyderabad.

Copy to Assistant Commissioner(ST), Banjara Hills Circle
(earlier Khairtabad-Somajiguda-1).

Copy to Joint Commissioner(ST), Khairtabad Division.

Copy submitted to:

1. The Commissioner (State Taxes) for information.

www.taxcode.in
Scanned with OKEN Scanner