



**BEFORE THE APPELLATE AUTHORITY FOR ADVANCE RULING  
for the State of Andhra Pradesh (Goods and Service Tax)**

(Office at O/o Chief Commissioner of State Tax, Govt. of A.P., D NO 5-56, Block-B,  
R.K.Spring Valley Apartment, Bunder Road, Edupugallu, Vijayawada,  
Andhra Pradesh – 521151)

**Present:**

**Sri PEEYUSH KUMAR (Member) (State Tax)**

**Sri NARESH PENUMAKA (Member) (Central Tax)**

The 9<sup>th</sup> day of November, 2020

Order /AAAR/AP/ 06(GST)/2020

1	Name and address of the appellant	M/s. Halliburton Offshore Services Inc (Oil India), Plot No.5A3, Unit-2, ADB Road, Vakalpudi, East Godavari District- 533004, Andhra Pradesh.
2	GSTIN	37AAACH5154M1ZC
3	Date of filing of Form GST ARA-02	01.09.2020
4	Date of Personal Hearing	20.10.2020
5	Authorized Representative	Sri Prasad Paranjape, Advocate
6	Jurisdictional Authority - Centre	Superintendent, Ramanayyapeta Range, Kakinada CGST Division.

**(Under Section 101 of the Central Goods and Service Tax Act and the Andhra Pradesh Goods and Service Tax Act).**

At the outset, we would like to make it clear that the provisions of both the CGST Act and the APGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the APGST Act.

The present appeal has been filed under Section 100 of the Central Goods and Services Tax Act, 2017 and the Andhra Pradesh Goods and Services Tax Act, 2017 [hereinafter referred to as "the CGST Act and APGST Act"] by M/s. Halliburton Offshore Services Inc. (Oil India) (herein after referred to as the "Appellant") against the Advance Ruling No. AAR No.15/AP/GST/2020 dated 13.05.2020 issued by Authority for Advance Ruling, Andhra Pradesh.

**1. Background of the Case:**

1. Halliburton Offshore Services Inc. is a global service provider, engaged in providing various oilfield services to Exploration and Production companies across the globe. Presently, the applicant has contracted to provide Mud Engineering and Drilling Waste Management services for drilling three HPHT Exploratory Wells in KG Basin, Andhra Pradesh.

2. In the course of supplying such services the applicant also supplies various goods such as drilling mud, completion fluids and well-bore cleanup chemicals/additives or any other chemicals which are used for providing such services.
3. In 2014, the applicant was awarded a contract bearing letter of award no. OIL/KGB/CONT-6505290/ KKD-14/2014 dated 30<sup>th</sup> March 2014 by M/s. Oil India Limited (hereinafter referred to as "OIL INDIA") having its registered office at Duliajan, Assam. The Contract was awarded for providing mud engineering and other services as stated in the contract for their "**Krishna-Godavari(KG) Basin Project**" in the state of Andhra Pradesh.
4. Under the above Contract, the applicant has been contracted to provide mud engineering and drilling waste management services for the three (3) High Pressure High Temperature (HPHT) exploratory wells situated within 12 Nautical Miles (NM) at the KG Basin so as to enable smooth extraction of oil.
5. The appellant approached the Advance Ruling Authority, Andhra Pradesh for Ruling on the following queries:
  - a) Whether the supply of mud engineering services along with supply of imported mud chemicals and additives provided on consumption basis by the applicant under the Contract qualify as composite supply.
  - b) If answer to Para (a) is yes, then whether the supplies made under the Contract merits classification under Entry 9986 (ii) - Service of exploration, mining or drilling of petroleum crude or natural gas or both and subject to GST at the rate of 12%/18% as the case may be.
  - c) If the answer to Para (a) is no, then whether such supply of mud chemicals and additives on consumption basis at OIL India's location in India provided under the Contract qualify for concessional GST rate of 5% against an Essentiality Certificate ('EC') under Notification No. 50/2017-Customs dated 30<sup>th</sup> June 2017.
6. The Authority for Advance Ruling, Andhra Pradesh in ruling orders in AARNo.15/AP/GST/2020 dated 13.05.2020 held:
  - The supply of mud engineering services along with supply of imported mud chemicals and additives provided on consumption basis by the appellant under the Contract does not qualify for composite supply.
  - The concessional GST rate of 5% against an Essentiality Certificate ('EC') under referred Customs Notification No. 50/2017-Customs dated 30<sup>th</sup> June 2017 is available to supply of such goods at the time of their importation subject to fulfilment of description, tariff item, lists and conditions specified therein and subject to the satisfaction of the Proper Officer in order.
7. Being aggrieved by the Impugned Order, the appellant has filed the present appeal, inter alia, on the following grounds which are urged without prejudice to each other.

## 2. Grounds of Appeal:

**A.** At the outset it is submitted that the impugned ruling issued by the Ld. Authority is ex-facie untenable and unsustainable in law and is liable to be set aside, to the extent adverse to the appellant.

The services provided to oil under the aforesaid contract qualifies as "composite supply", with supply of mud engineering services being the principal supply.

**B.** Section 7 of the CGST Act, defines the term "Supply" very broadly which includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business.

**C.** Admittedly, as submitted in the facts above, the above contract entered into with OIL inter-alia entails both providing of mud engineering and drilling services and supply of mud chemicals and additives required for providing the aforesaid services.

**D.** In terms of Section 2(30) of the CGST Act, "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;

**E.** Upon the perusal of the above definition, it appears that the key conditions of supplies to qualify as "composite supplies" are as follows:

- i) Supplies should be made by a taxable person to a recipient i.e. there is 1 common supplier and 1 recipient for both the supplies;
- ii) The two or more taxable supplies are naturally bundled and supplied in conjunction with each other in the ordinary course of business.

**F.** In the present case, we understand that both, the mud engineering service and the mud chemicals and additives used in providing such services are supplied by the appellant to OIL under the aforesaid Contract. Both the supplies are taxable supplies. IT further needs to be evaluated whether the services are "naturally bundled" and "supplied in conjunction with one another".

Whether the mud engineering services provided to the appellant are naturally bundled with the supply of goods used in the provision of the said services.

**G.** The term "naturally bundled" is not defined under the CGST Act or the Rules framed there under. Reference in this regard is made to CBE&C Flyer No. 4 dated 01.01.2018 which in turn refers to the Service Tax Education Guide dated 20.6.2012 issued by the CBIC under the erstwhile Finance Act, 1994.

**H.** Upon the perusal of the above, following criteria can be used for determining whether the supplies are naturally bundled or not:

- i) Expectation of a typical customer
- ii) Industry practice

iii) Whether the supplies are incidental or inter-dependent to each other.

Expectation of the Customer

**I.** In the present case, the expectation of a typical customer is to receive both the mud chemicals/additives and the mud engineering and drilling services. The price of both, the aforesaid services and the goods used is composite as agreed in the contract.

Industry Practice

**J.** The above approach is the standard process followed by the other players operating in the same industry who also follow a similar business model wherein the contractor supplies the goods and consumables which are used at the time of providing the services.

Whether the supplies are inter-dependent or incidental to each other

**K.** Both the supplies viz. (i) the mud engineering services and (ii) the mud chemicals/ additives and other consumables used for providing mud engineering services are essential for executing the scope of services agreed with OIL in the aforesaid contract. Hence, both the supplies are incidental and inter- dependent with each other.

**L.** The Ld. Authority has observed that a comprehensive reading of scope of work (as provided in the contract including the aspects thereof) gives an understanding that the contract is not merely for supply of additives/ chemicals/ consumables or not merely for providing of services. In the perspective of the customer or recipient i.e., OIL, the contract is a single package comprising of 'supply of services and supply of goods.'

**M.** The Ld. Authority has observed that scope of work to be provide by the Appellant under the contract is a combination of supply of service and supply of goods which are naturally bundled and the principal supply of service (mud engineering or drilling waste management services) and supply of goods viz. mud chemicals and additives for incidentals or ancillary supply to the main supply.

**N.** Accordingly, it is not in dispute that the aforesaid supplies made by the appellant under the contract are "naturally bundled" in the ordinary course of business, and the supply of mud engineering or drilling management services is the principal supply. Thus, the supplies made by the appellant being naturally bundled, is an accepted and unchallenged position in the impugned order. The appellant does not have any grievance on this part of the finding in the impugned order.

**O.** Whether mud engineering services and mud chemicals and additives are supplied in conjunction with each other

It is submitted that the term "conjunction" or the phrase "in conjunction with" is not defined under the CGST Act/IGST Act and the allied Rules. Therefore, reference is made to the definition of the term "conjunction" as defined under various dictionaries.

Oxford English Dictionary (online Version)

The action or an instance of two or more events or things occurring at the sortie point in time or space.

Merriam Webster Dictionary (online version)

The state of being conjoined (conjoined –being, coming, or brought together so as to meet, touch, overlap, or unite).

Occurrence together in time or space

Chambers Dictionary (online version)

A joining together; combination

The coinciding of two or more events

Cambridge Dictionary (online version)

The situation in which events or conditions combine or happen together

**P.** It was specifically contended in the application made before the Ld. Authority that as per the above definitions, supplies in conjunction with each other would imply the supplies that are made together or in combination. In the present case, the mud chemicals and additives are required to perform the mud engineering services under the contract by the appellant and such mud chemicals and additives cannot be procured independently.

**Q.** It was further submitted before the Ld. Authority that the mud chemicals and additives are not supplied independent of mud engineering services performed in the offshore location and hence, the mud chemicals and additives are supplied in conjunction with the supply of mud engineering services.

**R.** The Ld. Authority has referred to the following clauses of the contract entered into with OIL:

i) Clause 11.4 – Section II of the Contract: The appellant will remove and replace any personnel in the Contract if deemed not suitable or experienced enough to carry out the work in a reasonable time without effecting OIL's operation at their own expenses provided OIL requests for the same in writing.

ii) Clause 13.1 – Section II of the Contract: The Appellant shall ensure sufficient quantity of materials and chemicals are available at the rig site and at the base, and the appellant is also under obligation for providing of actual delivery verification.

iii) Clause 16.2 – Section II of the Contract refers to supply of mud chemicals and additives –which includes submission of specification of all the offered chemicals, supply of complete line of mud chemicals and additives, maintenance of adequate stocks of these items, furnishing of test reports to OIL, payment on actual consumption basis etc.

iv) Clause 16.2.5 – Section II of the Contract – The recipient i.e. OIL reserves the right to terminate the contract if the chemicals and additives are found to be of substandard quality and the contractor is unable to replace those within a reasonable time without affecting operations.

**S.** It is submitted that by relying upon the aforesaid clause the Ld. Authority has inter-alia held as follows:

i) All the activities/ events viz. procurement, delivery, usage, rejection or replacement, demobilization and receipt of consideration – relating

to mud chemicals and additives can be done independently and separately.

- ii) All the activities or events relating to goods (chemicals/ additives/ consumables) are not necessarily procured, delivered, replaced or demobilized simultaneously with those of other services and goods namely 'technical personnel or technical equipment or lab equipment etc.
- iii) Though the items mud chemicals and additives are both essential and integral part of work of the appellant under the contract, it is found that the supply of these items is not necessarily in conjunction with supply of other events namely services – technical personnel and other goods on rental basis.
- iv) It is further observed that there are independent qualitative, and logistic (mobilization, delivery, replacement of deficient or sub-standard materials, demobilization there of etc.) compulsions with reference to the procurement by the appellant, clauses for sub-contracting of petty services, subsequent delivery (or supply) to OIL and usage (or consumption) of additives/ consumables in mud engineering activity and drilling waste management services. It is also observed that there are similar independent conditions in relation to technical personnel and technical equipment separately.
- v) Thus, it is clear and evident that the different components namely, technical personnel, technical equipment and additives/ chemicals/ consumables are separately available for procurement and supply by the Appellant.
- vi) Accordingly, it is clear that mud additives and chemicals cannot be supplied in conjunction with supply of services (technical assistance by way of supply of technical personnel) and supply of other goods namely (technical equipment).

**T.** In this regard, it is submitted that the Ld. Authority has failed to appreciate the true purport of the clauses reproduced in paragraph "S" above, which are referred to and relied upon in the ruling. Admittedly, the said provisions are inserted at the insistence of OIL to protect its interest. The said provisions provide for the obligation of the Appellant to maintain sufficient inventory of goods/ personnel to be used in execution of contract. It gives right to OIL to lay down the specifications for the goods which are required to be used in the execution of the contract and the right to seek replacement of the personnel/ goods if the same are not as per the satisfaction of OIL.

**U.** It is submitted that the interpretation of the Ld. Authority that the supplies can be considered to be made in conjunction with each

other only if the same are made simultaneously or at the same time is very narrow and untenable in law. In case the said interpretation is held to be valid then any continuous supply will never qualify as composite supply.

**V.** Reliance in this regard, is placed on the judgement of the Hon'ble Kerala High Court in the case of **Abbott Healthcare Pvt. Ltd. vs. Commr. of Commercial Tax, Thrissur, 2020 (34) G.S.T.L. 579(Ker.)**, wherein the Hon'ble High Court has held as follows:

*"11. In my view, a finding as regards composite supply must be take into account supplies as effected at a given point in time on "as is where is" basis. In particular instances where the same taxable person effects a continuous supply of services coupled with periodic supplies of goods/ services to be used in conjunction therewith, one could possibly view the periodic supply of goods/services as composite supplies along with the service that is continuously supplied over a period of time."*

**W.** The aforesaid findings of the Hon'ble High Court are squarely applicable to the facts of the present case, which has not been considered by the Ld. Authority while issuing the impugned Ruling. Admittedly, in case of continuous supplies like those in the present case, the services are provided continuously during the period for execution of the contract of service and the goods will be supplied / used as and when required for providing the services.

**X.** It is submitted that once the Ld. Authority has observed that the mud chemicals and mud additives are essential and integral part of the work undertaken by the Appellant under the contract entered into with OIL, the same has to be treated as supplied in conjunction with the services provided under the said contract.

**Y.** The finding that there are independent qualitative, quantitative and logistic compulsions for supply of goods and services under the aforesaid contract and therefore the same cannot be said to be in conjunction with each other is untenable in law. The said conditions are prescribed in the contract for safeguarding the rights and interest of the contracting parties and cannot be used as any criteria for determining whether the supplies are made in conjunction with one another or not.

**Z.** There is no dispute about the fact that the supply of mud chemicals and additives is essential and integral to execution of the contract/ providing the services prescribed under the contract and the said supply of mud chemicals and additives is made while providing the mud engineering services to OIL.

**AA.** Further, the Ld. Authority in the said impugned ruling has observed that under the contract, the appellant is obligated to provide complete mud engineering and drilling waste management services and for provision of such services it is essential to have all technical support (equipment/tools), technical personnel and required chemicals/additives which are clearly incidental and ancillary to main supply of services. Absence of any of these components shall directly affect the main services and also defeats the very purpose of the contract.

**BB.** Accordingly, the finding of the Ld. Authority that since the essential second criteria of 'supplied in conjunction with' had not been complied, the supply of mud *engineering* services along with the supply of imported mud chemicals and additives provided on consumption basis by the appellant under the contract do not qualify and are not classifiable as 'composite supply' is untenable in law.

**CC.** It appears that the Ld. Authority misdirected itself to reach the above conclusion based on certain observations, which, with due respect, in the opinion of the appellant are not relevant to decide whether the supply of services and goods are in conjunction with each other. For example, the Ld. Authority has observed that the services and goods are not supplied as a single package, but are separately available or can be procured independently. It is submitted that having observed and held that the appellant is obligated to provide complete services with goods and non-provision of one will affect the other, and in fact contractually the appellant is duty bound to provide both, are sufficient to hold that both goods and services are supplied in conjunction with each other and therefore constitute composite supply.

**DD.** In view of the aforesaid, the supply of the mud chemicals and additives and the mud engineering and drilling services are "composite supply" in terms of Section 2(30) of the CGST Act.

#### **Rate of applicable GST**

**EE.** Section 8 of the CGST Act inter-alia provides that a composite supply comprising of two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply i.e. the rate of tax applicable will be that of the principal supply.

**FF.** Section 2(90) of the CGST defines "principal supply" as under:

*"(90) "principal supply" means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply is ancillary."*

**GG.** In the present case, undoubtedly, the predominant element of the supply made to OIL under the above contract is the supply of mud engineering services and the supply of mud chemicals and additives supplied in the execution of the said contract are ancillary to the above supply.

**HH.** The Ld. Authority observed that the scope of the work to be provided by the Applicant under the contract is a combination of supply of service and supply of goods which are naturally bundled in the ordinary course of business – wherein the principal supply is the supply of service viz. mud engineering or drilling waste management services) and supply of goods viz. mud chemicals and mud additives which forms incidental or ancillary supply to the principal supply.

**II.** In view of the aforesaid, it is clear that the supplies made under the aforesaid contract to OIL qualify as composite supply, wherein the supply of mud engineering or drilling waste management services is the principal supply.

**JJ.** Accordingly, in terms of Section 8 of the CGST Act, the rate of GST applicable to the supply of mud engineering and drilling waste management services is applicable to both the supply of the said services and the supply of mud chemicals and additives.

**KK.** Undisputedly the said mud engineering and drilling waste management services are covered under SAC 9986 as prescribed under Notification No. 11/2017-CT (Rate) dated 28<sup>th</sup> June 2017 and the rate of applicable GST is 12% (CGST 6% + SGST 6%) post the amendment vide Notification No. 1/ 2018-CT (Rate) dated 25<sup>th</sup> January 2018. Prior to that, the rate of applicable GST was 18% (CGST 9% + SGST 9%). The relevant extract of the said Notification in relation to the SAC 9986 is reproduced below:

Notification No.11/2017 C.T. (Rate), dated 28-6-2017

"Rate of GST on intra- State supply of specific services with Service Code Tariff(SAC)

*In exercise of the powers conferred by sub-section (1) of section 9, sub-section (1) of section 11, sub-section (5) of section 15 and sub-section (1) of section 16 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, and or being satisfied that it is necessary in the public interest so to do, hereby notifies that the central tax, on the intra-State supply of services of description as specified in column (3) of the Table below, falling under Chapter, Section or Heading of scheme of classification of services as specified in column (2), shall be levied at the rate as specified in the corresponding entry in column (4), subject to the conditions as specified in the corresponding entry in column (5) of the said Table:-*

Sl.No	Chapter, Section or Heading	Description of service	Rate (perc ent)	Conditio n
(1)	(2)	(3)	(4)	(5)
24	Heading 9986	(ii) <b>Support services to mining</b> , electricity, gas and water distribution	9	-

**Notification No.1/2018- C.T. (Rate), dated 25.01.2018**

"CGST Rates on intra-State supply of specific services- Amendment to Jumbo Notification No.11/2017 – C.T.(Rate)

*In exercise of the powers conferred by sub-section(1) of section 9, sub section(1) of section 11, sub-section (5) of section 15 and sub-section(1) of section 16 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, and on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue)No. 11/2017 – Central Tax (Rate), dated the 28<sup>th</sup> June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i), vide number G.S.R. 690 €, dated the 28<sup>th</sup> June, 2017, namely:-*

*In the said notification,*

*(i) in the Table,-*

*(h) against serial number 24,-*

*(B) for item (ii) in column (3) and the entries relating thereto in columns (3),(4) and (5), the following shall be substituted, namely;-*

(3)	(4)	(5)
(ii) <b>Service of exploration, mining or drilling of petroleum crude or natural gas or both.</b>	<b>6</b>	-
(iii) Support services to mining, electricity, gas and water distribution other than (ii) above.	9	-

**LL.** It is submitted that the finding of the Ld. Authority that the supply of imported mud-chemicals and mud additives provided on consumption basis shall be classifiable as supply of goods under the respective HSNs of goods as specified under CGST Act, 2017 is untenable in law. Further, the finding that the other events of supply of goods (on rental basis) and supply of services (supply of

technical personnel) shall be accordingly classifiable independently under respective HSNs of services/ goods as the case may be is also untenable in law.

**MM.** In view of the aforesaid, it is respectfully prayed that:

(i) The impugned ruling issued by the Ld. Authority be modified to hold that the supplies made under the aforesaid contract to OIL viz. the supply of mud engineering and drilling waste management services and the supply of mud chemicals and other additives are composite supplies. The rate of GST applicable to the supply of mud engineering and drilling waste management services, being the principal supply, should apply to all the above supplies made under the contract with OIL.

(ii) Grant a personal hearing and permit the appellant to produce additional documents and other materials at the time of personal hearing.

(iii) For such further and other reliefs as this Hon'ble Appellate Authority may deem fit in the facts and circumstances of the case.

### **3. Personal Hearing:**

The proceedings of Hearing were conducted through video conference on 20<sup>th</sup> October 2020, for which the authorized representative, Sri Prasad Paranjape, Advocate attended and reiterated submissions already made.

### **4) Discussions and Findings:**

We have gone through the entire records of the appeal, facts of the case, and also considered the written and oral submissions made at length by the appellant as well, in light of the ruling pronounced by the AAR.

The issue at hand for discussion is whether the supply of mud engineering services and supply of imported mud chemicals and additives provided on consumption basis by the applicant under the contract qualify as composite supply or not.

Before embarking upon the question, it is worthwhile to examine the intricacies of the subject matter with reference to the two taxable supplies involved in the question.

#### **1. Supply of Mud Engineering service:**

- Mud Engineering is the service rendered (Drilling Fluids engineering, often referred to as Mud Man service) on a drilling rig to ensure the properties of the Drilling Mud are within the designed Specifications.
- The Drilling Mud is created using the local as well as imported ingredients and supplied to the service recipient.

#### **2. Supply of Chemicals and additives:**

- Drilling mud, is used to aid the drilling oil and Natural Gas Wells and on exploration Drilling Rigs. The Drilling Mud will be created in the Mixing Machines/systems with the necessary ingredients, chemicals and additives etc., basing on the survey reports like seismic survey, Soil Testing etc., of a particular well zone.

- When creating the drilling fluids, mud engineers often use predetermined geological data obtained by geologists and drilling engineers. They use a variety of methods to change the mud's viscosity, including adjusting the mud's temperature, pH balance and chemical components.

In view of the above discussions, the supply of Mud Engineering Services and supply of chemicals and additives are undoubtedly two specialized and distinct supplies. Now we examine whether both the said supplies of chemicals and additives and rendering the mud engineering services constitute a 'composite supply' or not.

Sub - Section (30) of Section-2 of the CGST Act, 2017 reads 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."*

In the instant case, the two taxable supplies under discussion are to be examined in light of the two primary conditions i.e., whether they are 'naturally bundled' and are 'supplied in conjunction' with each other. In the absence of the clear cut explanation in the Act, regarding the concept of 'naturally bundled' the reliance is placed on Education Guide issued by CBEC (now CBIC) in the year 2012 as under –

#### **"9.2.4 Manner of determining if the services are bundled in the ordinary course of business"**

*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 –*

- a) There is a single price or the customer pays the same amount, no matter how much of the package they actually receive or use.*
- b) 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."*

In light of the above discussion, with reference to the parameter (a) mentioned above, it is observed that both the supplies are not supplied or provided as a complete package 'at a single price'. The tax invoices filed by the appellant reveal

that different invoices are raised for both the supplies separately and individually. With reference to the parameter (b) mentioned above, the supplies of chemicals and additives and mud engineering services are two different supplies and separately available. Section 3 of the contract no.6205290 projects the schedule of rates distinctly for both the supplies. Moreover, in the instant case the supply of chemical and additives and mud engineering services can be procured in a piecemeal approach up to the satisfaction of the service recipient. It is a fact, as admitted by the appellant that it is a clause inserted in the contract to protect the interest of OIL, the right to seek replacement of the personnel/ goods independently if they are not as per satisfaction of OIL. It clearly indicates that both the supplies are not naturally bundled.

Finally, it is evident that by virtue of the facts submitted, the supply of mud engineering services and supply of chemicals and other additives are neither naturally bundled nor supplied in conjunction with each other and they do not constitute a "Composite Supply" under the section (2) sub-section (30) of the CGST Act, 2017.

Accordingly the said supplies of the mud engineering services and supply of chemicals and additives are different supplies liable to tax under the CGST/APGST Act. Thus, in view of the above discussions the observation made by the Advance Ruling Authority is upheld, rejecting the interpretation of the appellant.

### Order


The ruling of AAR is upheld.

Sd/- Peeyush Kumar  
Chief Commissioner (State Tax)  
Member

Sd/- Naresh Penumaka  
Chief Commissioner (Central Tax)  
Member



//t.c.f.b.o//

  
Deputy Commissioner (ST)  
**DEPUTY COMMISSIONER (ST)**  
O.o. Chief Commissioner of State Tax,  
Government of A.P. Vijayawada

**TO**

- 1) M/s. Halliburton Offshore Services Inc.(Oil India),  
Plot No.5A3, Unit-2, ADB Road, Vakalpudi, East Godavari District,  
Pin.No.533004 (Andhra Pradesh). **(By Registered Post)**
- 2) M/s. Halliburton Offshore Services Inc.( Oil India),  
International Business Park, 17<sup>th</sup> Floor, Commerz II,  
Oberoi Garden City, Off Western Express Highway, Goregaon (East),  
Mumbai-400063 Maharashtra State.**(By Registered Post)**

**Copy to**

1. The Assistant Commissioner of State Tax, Kakinada Circle, Kakinada Division.  
**(By Registered Post)**

2. The Superintendent of Central Tax, Ramanayyapeta Range, Kakinada CGST Division. **(By Registered Post)**

**Copy submitted to**

1. The Chief Commissioner (State Tax), O/o Chief Commissioner of State Tax, Eedupugallu, Vijayawada.

2. The Chief Commissioner (Central Tax), O/o Chief Commissioner of Central tax & Customs, Visakhapatnam Zone, GST Bhavan, Port area, Visakhapatnam-530035. **(By Registered Post)**

DEPUTY COMMISSIONER (ST)  
O. of Chief Commissioner of State Tax,  
Government of A.P. Vijayawada