

**AUTHORITY FOR ADVANCE RULING, TAMIL NADU
No.207, 2nd FLOOR, PAPJM BUILDING, No.1, GREAMS ROAD,
CHENNAI 600 006.**

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 AND
UNDER SECTION 98(4) OF THE TNGST ACT, 2017**

Members present:

Shri C. Thiagarajan, I.R.S., Additional Commissioner/Member (CGST), Office of the Commissioner of GST and Central Excise, Audit I Commissionerate, Chennai - 600 101.	Shri B. Suseel Kumar, B.E., MBA., Joint Commissioner/Member (SGST), Authority for Advance Ruling, Tamil Nadu, Chennai - 600 006.
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Advance Ruling No. 12/ARA/2026, dated 09.02.2026

1. *Any appeal against this Advance Ruling order shall lie before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-Section (1) of Section 100 of CGST Act 2017/TNGST Act 2017, within 30 days from the date on which the ruling sought to be appealed is communicated.*
2. *In terms of Section 103(1) of the Act, Advance Ruling pronounced by the Authority under Chapter XVII of the Act shall be binding only-*
 - (a) *On the applicant who had sought it in respect of any matter referred to in sub-section (2) Section 97 for advance ruling.*
 - (b) *On the concerned officer or the Jurisdictional Officer in respect of the applicant.*
3. *In terms of Section 103(2) of the Act, this Advance Ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed.*
4. *Advance Ruling obtained by the applicant by fraud or suppression of material facts or misrepresentation of facts, shall render such ruling to be void ab initio in accordance with Section 104 of the Act.*
5. *The provisions of both the Central Goods and Services Tax Act and the Tamil Nadu Goods and Services Tax Act (herein referred to as the Act) are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Services Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Services Tax Act.*

GSTIN Number, if any / User id	33AACCD1521C1ZK
Legal Name of Applicant	M/s. DR. KAMAKSHI MEMORIAL HOSPITAL PRIVATE LIMITED
Trade Name of Applicant	M/s. DR. KAMAKSHI MEMORIAL HOSPITAL PVT. LTD.
Registered Address / Address provided while obtaining user id	No.1, Radial Road, Pallikaranai, Chennai – 601 302
Details of Application	GST ARA – 01 Application dated 07.07.2025
Jurisdictional Officer	State: Madipakkam Assessment Circle, Chengalpattu Division.
Concerned Officer	Center: Chennai Outer Commissionerate, Tambaram Division.
Nature of activity(s) (proposed / present) in respect of which advance ruling sought for A Category B Description (in brief)	Service The Applicant is a multi speciality hospital providing health care services to patients under one roof. The supply of medicines and consumables used in the course of providing health care services to In-patients by pharmacy a unit of Dr .Kamakshi Memorial Hospital Pvt. Ltd., would be considered “Composite Supply of Healthcare Service” under GST and consequently the exemption under Notification No12/2017/CT (Rate) read with section 8(a) of GST Act, is available to them.
Issue/s on which advance ruling required	1. Classification of any goods or services or both 2. Applicability of a notification issued under the provisions of the Act 3. Determination of the liability to pay tax on any goods or services or both.
Question(s) on which advance ruling is required	Q1.Whether supply of medicines and consumables used in the course of providing health care services to In-patients by pharmacy a unit of Dr.Kamakshi Memorial Hospital Pvt. Ltd., for Diagnosis or treatment during the patients’ admission in hospital would be considered “Composite Supply of Healthcare Service” under GST and consequently avail exemption under Notification No.12/2017, CT (Rate) read with section 8(a) of the GST Act?

M/s **DR. KAMAKSHI MEMORIAL HOSPITAL PVT. LTD.**, No.1, Radial Road, Pallikaranai, Chennai – 601 302 (hereinafter called as the “Applicant”) are registered under GST with **GSTIN:33AACCD1521C1ZK**. The Applicant is a 400 bedded multi speciality hospital based in Pallikarani with branches in Adyar, Medavakkam and Siruseri providing health care services to patients at one roof. Established as a recognized Clinical Establishment in the State of Tamil Nadu and accredited by NABH, the hospital is committed in delivering exceptional healthcare with compassion. They are providing health care services covering 54 specialties including Robotic Surgical Services and Radiation oncology. The applicant has sought advance ruling on the following question :-

Q1. Whether supply of medicines and consumables used in the course of providing health care services to In-patients by pharmacy a unit of Dr.Kamakshi Memorial Hospital Pvt. Ltd., for Diagnosis or treatment during the patients’ admission in hospital would be considered “Composite Supply of Healthcare Service” under GST and consequently avail exemption under Notification No.12/2017, CT (Rate) read with section 8(a) of the GST Act?

2. The Applicant has made a payment of application fees of Rs.5,000/- each under sub rule (1) of Rule 104 of CGST Rules, 2017 and SGST Rules, 2017.

3. Statement of relevant facts

3.1 The Applicant is a registered taxpayer. The Applicant is a well established multi-speciality hospital providing a wide range of healthcare services to patients across various geographical platform. The hospital offers in-patient and out-patient services, including consultations, diagnostics, surgeries, intensive care and allied medical services.

3.2 They have stated that one of the integral part of their hospital is in-house pharmacy, which is primarily responsible for dispensing medicines and consumables prescribed by the medical professionals. Its core function is to cater to the internal requirement of medicines and consumables for patients admitted to the hospital for treatment.

3.3 In the case of in-patients, all required medicines, surgical items, and consumables are provided during the course of diagnosis and treatment as prescribed by doctors. These are essential for ensuring continuity of care and are directly linked to the therapeutic services being provided.

3.4 The hospital raises a consolidated bill to the patient at the time of discharge, which includes charges for room rent, surgery, consultation, diagnostics, investigation and also the medicines and consumables used during the stay. These items are not billed separately or treated as distinct sales transactions. In fact, the pharmacy does not issue individual tax invoices for medicines provided to

in-patients. The objective is not to run a retail pharmacy but to ensure timely availability of required medical items as part of the holistic healthcare services.

3.5 In alignment with the above, it is submitted that the supply of medicines and consumables is naturally bundled with the core healthcare service provided to the in-patient and is rendered in the ordinary course of business. The patient receives a single package of healthcare services that includes diagnosis, treatment, and the administration of necessary medication. The applicant hospital contends that such a supply qualifies as a "Composite Supply" as defined under section 2(30) read with Section 8(a) of the CGST Act, 2017. The principal supply in this case is healthcare service, while the supply of medicines and consumables is ancillary and dependent on the treatment being rendered.

3.6 Accordingly, the entire bundle of services – including the administration of medicines and consumables – should be eligible for exemption under Notification No. 12/2017 – Central Tax (Rate), dated 28.06.2017, which grants exemption to healthcare services provided by a clinical establishment.

4. Interpretation of Law by the Applicant

4.1 The applicant has stated that the supply of medicines and consumables is naturally bundled with the core healthcare service provided to the in-patient and is rendered in the ordinary course of business. The patient receives a single package of healthcare services that includes diagnosis, treatment, and the administration of necessary medication. The applicant hospital contends that such a supply qualifies as a "Composite Supply" as defined under section 2(30) read with Section 8(a) of the CGST Act, 2017. The principal supply in this case is healthcare service, while the supply of medicines and consumables is ancillary and dependent on the treatment being rendered.

4.2 Thus, in the light of this factual position, the applicant seeks clarification as to whether such a bundled supply may be treated as a composite supply of healthcare services and therefore exempt from GST. The applicant has also cited various advance ruling pronounced in similar matter in their support.

5. The applicant falls within the administrative jurisdiction of 'STATE'. The State jurisdictional authority has stated that no pending proceedings on the questions raised by the applicant in the advance ruling application. No remarks has been received from the Central jurisdictional authorities. Hence, it is construed that there are no pending proceedings against the applicant on the questions raised by them in their advance ruling application.

6. Personal Hearing

6.1 The applicant was given an opportunity to be heard in person on 20.01.2026 vide this office memorandum No.40/2025, dated 09.01.2026. Mr.R.Parasuraman, Chartered Accountant and an internal consultant of the Hospital and

Mr.G.Shankar, Chartered Accountant and an external consultant, appeared as Authorised Representative of the applicant for the personal hearing on 20.01.2026.

6.2 The AR reiterated the submissions made under the Application for Advance Ruling filed by them. The AR furnished additional submissions during the personal hearing containing copies of the application along with enclosures filed by them, Advisory dated 13.11.2025 issued in this regard by the Commercial Taxes Department, sample copies of invoices raised by the hospital and the pharmacy, purchase bills, images of the pharmacy, etc. They further added that they have a separate pharmacy/counter for in-patients and out-patients.

6.3 When the members enquired whether the pharmacy is forming part of the hospital, the AR explained that the pharmacy bears the same GSTN as that of the hospital and is very much a part of the hospital.

7. Discussions and Findings:

7.1 We have carefully considered the submissions made by the applicant in the advance ruling application, the submissions made during the personal hearing held on 20.01.2026 and the additional submissions furnished during the personal hearing by the applicant.

7.2 The question on which an advance ruling is requested is as given below :-

“Whether supply of medicines and consumables used in the course of providing health care services to In-patients by pharmacy a unit of Dr.Kamakshi Memorial Hospital Pvt. Ltd., for Diagnosis or treatment during the patients’ admission in hospital would be considered “Composite Supply of Healthcare Service” under GST and consequently avail exemption under Notification No.12/2017, CT (Rate) read with section 8(a) of the GST Act?”

As the above question relate to applicability of a notification and determination of liability to pay tax on any goods or services or both, they fall within the purview of Section 97(2) of the CGST Act, 2017 and are liable for admission.

7.3 The Applicant states that theirs is a 400 bedded multi speciality hospital based in Pallikarani with branches in Adyar, Medavakkam and Siruseri providing health care services to patients at one roof. It is stated to be established as a recognized Clinical Establishment in the State of Tamil Nadu and accredited by NABH and is committed in delivering exceptional healthcare with compassion. They are providing health care services covering 54 specialties including Robotic Surgical Services and Radiation oncology.

7.4 To begin with, we note that ‘Health care’ services provided by a clinical establishment or an authorized medical practitioner or paramedics are exempted vide Sl.No.74 of Notification No.12/2017 - C.T. (Rate) dated 28.06.2017, as amended. For ease of reference, the relevant entry is reproduced below :-

Sl. No	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (percent)	Condition
74	Heading 9993	Services by way of – a) health care services by a clinical establishment, an authorised medical practitioner or para-medics; b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.	Nil	Nil

“Clinical Establishment” is defined in the said notification under 2(s), as,

“Clinical Establishment” means a hospital, nursing home, clinic, sanatorium or any other institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases”.

And “health care services” is defined under para 2(zg) as follows :-

“health care services” means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India and includes services by way of transportation of the patient to and from a clinical establishment, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma;

7.5 Under the ‘Scheme of Classification of Services’, annexed to GST Rate Notification No.11/2017-CT (Rate) dated 28.06.2017, as amended, we find from the relevant extract under the Group – 99931 (Human health Services) of heading 9993, as affixed below, that apart from other healthcare services, ‘Inpatient Services’ gets specifically covered under the service code 999311.

S. No	Heading or Group	Service Code (Tariff)	Service Description
603	Heading 9993		Human health and social care services
604	Group 99931		Human health services
605		999311	Inpatient services

606		999312	Medical and dental services
607		999313	Childbirth and related services
608		999314	Nursing and physiotherapeutic services
609		999315	Ambulance services
610		999316	Medical laboratory and diagnostic-imaging services
611		999317	Blood, sperm and organ bank services
612		999319	Other human health services including homeopathy, unani, ayurveda, naturopathy, acupuncture and the like.

7.6 Further, under the 'Explanatory Notes to the Scheme of Classification of Services', the services rendered to in-patients under the service code '999311' includes:

- i) *Surgical services delivered under the direction of medical doctors to inpatients, aimed at curing, restoring and /or maintaining the health of a patient.*
- ii) *Gynaecological and obstetrical services delivered under the direction of medical doctors to inpatients, aimed at curing, restoring and/or maintaining the health of a patient.*
- iii) *Psychiatric services delivered under the direction of medical doctors to inpatients, aimed at curing, restoring and/or maintaining the health of a patient.*
- iv) *Other hospital services delivered under the direction of medical doctors to inpatients, aimed at curing, restoring and/or maintaining the health of a patient. These services comprise medical, pharmaceutical and para medical services, rehabilitation services, nursing services and laboratory and technical services, including radiological and anaesthesiological services, etc.*

Thus, 'Inpatient services' means services provided by hospitals to inpatients under the direction of medical doctors aimed at curing, restoring and/or maintaining the health of a patient and the service comprises of medical, pharmaceutical and paramedical services, rehabilitation services, nursing services and laboratory and technical services till the patient gets discharged. A complete gamut of activities required for the well-being of a patient from admission till discharge, provided by a hospital under the direction of medical doctors is a composite supply of service and is covered under 'Inpatient services' classifiable under SAC 999311.

7.7 In this regard, we note that Section 2(30) of CGST Act 2017, defines "Composite Supply" as follows :-

"(30) "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, taxable supplies such as medicines, consumables, etc., provided to in-patients qualifies as a 'composite supply', since they are naturally bundled and are supplied in conjunction with the 'Healthcare services', which happen to be the principal supply. Therefore, supply of medicines and consumables including food to in-patients in the course of the treatment till the patient is discharged is a composite supply of health care services. In this regard, when the members enquired during the personal hearing held on 20.01.2026, as to whether the pharmacy is forming part of the hospital, the AR explained that the pharmacy bears the same GSTN as that of the hospital and is very much a part of the hospital. They further added that they have a separate pharmacy/counter for in-patients and out-patients.

7.8 We further note that clause (a) to Section 8 of the CGST Act, 2017, which prescribes the manner in which the tax liability is to be determined on a 'composite supply', runs as below :-

"(a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply."

Accordingly, the tax liability in respect of a 'composite supply', as in the instant case, is liable to be determined based on the taxability of the 'principal supply', i.e., 'health care services', which is exempted from payment of GST.

7.9 This apart, we observe that the Circular No.32/06/2018-GST, dated 12.02.2018, deals with the issue in question, and the relevant extract of the clarification provided therein reads as below :-

"5(2) Healthcare services have been defined to mean any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India (Para 2(zg) of notification No.12/2017 CT (Rate). Therefore, hospitals also provide healthcare services. The entire amount charged by them from patients including retention of money and the fee/payments made to the doctors etc., is towards the healthcare services provided by the hospitals to the patients and is exempt.

5(3) Food supplied to the in-patients as advised by the doctor/nutritionists is part of composite supply of healthcare and not separately taxable. Other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable."

From a conjoint reading of the 'Explanation of service' pertaining to 'Inpatient services' and the clarification above, it is evident that the exemption is applicable to a "Clinical Establishment", when services by way of diagnosis or treatment or care for illness, etc., to an in-patient are undertaken by such establishment under the directions of a medical doctor. The applicant hospital as in the instant case, is a 'Clinical Establishment' and it is clear that they are exempt under Sl.No.74 of Notification No.12/2017-C.T.(Rate) dated 28.06.2017, in respect of the supply of


medicines and consumables to the in-patients while providing the composite supply of 'Healthcare services' to them.

7.10 In this regard, we find that the applicant has drawn reference to several Advance Rulings which have consistently held that supply of medicines to in-patients is part of exempt healthcare services, as in the cases involving M/s. CMC Vellore Association, Order No.SO/AAR/2019 dated 25.11.2019, M/s. Maha Critical Care Speciality Division, Order No.12/ARA/2025 dated 29.04.2025, M/s. Kumaran Medical Centre, Order No.29/AAR/2022 dated 29.07.2022, and M/s. Be Well Hospitals (P) Ltd., Order No.22/AAR/2022 dated 30.06.2022, which may be considered as persuasive reference for the issue in question.


8. In view of the above, we rule as under:

Ruling

- (i) Supply of medicines and consumables used in the course of providing health care services **to In-patients** by the pharmacy unit of Dr.Kamakshi Memorial Hospital (P) Ltd., as part of the treatment provided by the hospital **is exempt** under Entry No.74 of the Notification No.12/2017-Central Tax (Rate) dated 28.06.2017, read with Section 8(a) of the CGST Act, 2017, as a composite supply of healthcare services.


(B. Suseel Kumar)
Member (SGST)




(C. Thiagarajan)
Member (CGST)

To

M/s. Dr.Kamakshi Memorial Hospital Pvt. Ltd.,
No.1, Radial Road, Pallikaranai, -
Chennai - 601 302
/By Speed Post/

Copy submitted to :

1. The Principal Chief Commissioner of GST & Central Excise,
26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600034.
2. The Commissioner of Commercial Taxes,
2nd Floor, Ezhilagam, Chepauk, Chennai - 600 005.
3. The Commissioner of GST & Central Excise,
Chennai - Outer Commissionerate,
Newry Towers, No. 2054, I Block,
2nd Avenue, 12th Main Road,
Anna Nagar, Chennai - 600 040.

Copy to :

1. The Assistant Commissioner (ST),
Madipakkam Assessment Circle,
No. 66, Pasumpon Muthuramalingam Salai.
3rd Floor, Taluk Office Building, R.A. Puram,
Greenways Road, Chennai – 600 028.
2. Master File/ Spare – 2.