

GSTAT

Single Bench Court No. Court II

NAPA/4/PB/2025

DG ANTI PROFITEERING, DIRECTOR GENERAL OF ANTI-
PROFITEERING, DGAP

.....Appellant

Versus

AMB CINEMAS LLP, HYDERABAD

.....Respondent

Counsel for Appellant

Counsel for Respondent

Hon'ble Justice Sh. Mayank Kumar Jain, Member(Judicial)

Form GST APL-04A

[See rules 113(1) & 115]

Summary of the order and demand after issue of order by the GST Appellate Tribunal

whether remand order : No

Order reference no. : ZA070010426000062H

Date of order : 16/04/2026

1.	GSTIN/Temporary ID/UIN - 36ABEFA7588A1ZG	
2.	Appeal Case Reference no. - NAPA/4/PB/2025	Date - 30/01/2020
3.	Name of the appellant - DGAP , dgap.cbic@gov.in , 011-23741544	
4.	Name of the Respondent - 1. AMB Cinemas LLP, Hyderabad , accounts@ambcinemas.in , 9948220191	
5.	Order appealed against -	

	(5.1) Order Type -	
	(5.2) Ref Number -	Date -
6.	Personal Hearing - 16/04/2026 20/03/2026 16/02/2026 28/01/2026 06/01/2026 16/12/2025 12/12/2025 19/11/2025 13/11/2025 10/10/2025 24/09/2025	
7.	Status of Order under Appeal - Confirmed – Order under Appeal is confirmed	
8.	Order in brief - The report of the DGAP dated 29.01.2020 is accordingly accepted.	
Summary of Order		
9.	Type of order: Deposit in Consumer Welfare Fund/s	

ORDER

JUSTICE MAYANK KUMAR JAIN (Retd.), JUDICIAL MEMBER

- The present proceedings arise from a complaint made by the Principal Commissioner, GST Bhawan, LB Stadium Road, Basheer Bagh, Hyderabad (hereinafter referred to as **“the Complainant”**) before the Standing Committee under Rule 128 of the Central Goods and Services Tax Rules, 2017 (for short **“the CGST Rules, 2017”**). The Complainant has alleged that the M/s AMB Cinema LLP (hereinafter referred to as **“the Respondent”**) has indulged in profiteering in contravention of Section 171 of Central Goods and Service Tax Act, 2017 (for short the **“CGST Act, 2017”**) insofar as it failed to pass on the benefit of reduction in GST rates on cinema tickets from 28% to 18% w.e.f. 01.01.2019 vide Notification No. 27/2018- Central Tax (Rate) dated 31.12.2018 (for short **“The Notification”**). It is alleged that the

Respondent failed to commensurately reduce the prices of such tickets, thereby denying the benefit of tax reduction from 28% to 18% on Cinema tickets to the recipients.

2. The Complaint was examined by the Standing Committee on Anti-profiteering and the same was forwarded to the Director General of Anti Profiteering (hereinafter referred to as “**the DGAP**”) under Rule 129(1) of the CGST Rules, 2017.
3. The investigation was set into motion by the DGAP. A notice was issued to the Respondent calling upon to show cause whether the benefit of the GST rate reduction on Cinema tickets has been passed on to the consumers by way of commensurate reduction in the prices in respect of services by way of admission to exhibition of cinematography films supplied by them.
4. Upon completion of the investigation, the DGAP submitted its report under Rule 129(6) of the CGST Rule, 2017 dated 29.01.2020 before National Anti-Profitteering Authority (hereinafter referred to as “**the NAA**”), the erstwhile authority, The said report contained, *inter alia*, the following observations and conclusions:
 - 4.1 That there were two categories of tickets, platinum seats for Rs. 300/- and gold seats for Rs. 200/-. The Respondent sold tickets at these rates, both prior to and after 01.01.2019.
 - 4.2 That pursuant to the notice by the DGAP, the Respondent has deposited the profiteered amount of Rs. 35,66,308.28 along with interest of Rs. 60,049/- in the Consumer Welfare Fund for the period 01.01.2019 to 05.02.2019.
 - 4.3 That the Respondent reduced the base price of the cinema tickets from 06.02.2019 to 21.02.2019, however, thereafter the Respondent increased the base price of Cinema tickets from 22.02.2019 in

pursuance to the order of the Hon'ble High Court, Telangana. The respondent retained the prices of cinema tickets at Rs. 300/- and Rs. 200/- for respective category. The investigation was conducted for the period from 22.02.2019 to 30.06.2019 to compute the profiteering amount.

4.4 The methodology adopted by the DGAP is tabulated hereunder: -

		Pre Rate Reduction			Post Rate Reduction w.e.f 01.01.2019				
Sr. No.	Admission ticket	Price of ticket inclusive of tax (in Rs.)	GST Rate (%)	Amount charged i.e. Base Price (in Rs.)	Price of Ticket inclusive of tax (in Rs.)	GST Rate (%)	Amount Charged i.e. Base Price (in Rs.)	Commensurate Base Price (in Rs.)	Amount which was to be Charged (in Rs.)
A	B	C	D	$E=[C/128\%]$	F	G	H	I	$J=(I*118\%)$
1.	Platinum Seats	300	28	234.37	300	18%	254.24	234.37	276.56
2.	Gold Seats	200	28	156.25	200	18%	169.49	156.25	184.38

4.5 That the Respondent continued to charge the pre-rate reduction prices and maintained the actual cum-tax price by increasing the base price of the tickets. Thus, the benefit of GST rate reduction from 28% to 18% was not passed on to the recipient by way of commensurate reduction in prices.

4.6 That for the duration from 06.02.2019 to 21.02.2019, the commensurate base price after rate reduction should have been reduced to Rs. 234.37/- for platinum seats and Rs. 156.25/- for gold seats. After calculating GST @ 18%, on base price, it should have been fixed to Rs. 276.56/- and Rs. 184.38/- respectively. However, the Respondent continued to charge Rs. 277/- and Rs. 185/- for respective categories. The DGAP concluded that the Respondent has profiteered Rs. 44,380/- by charging

excess amount during the aforesaid period which has not been deposited by the respondent.

4.7 That the Respondent informed the DGAP that pursuant to the orders passed by the Hon'ble High Court, Telangana, rate of Cinema tickets have been increased from Rs. 185/- to Rs. 200/- and from Rs. 277/- to Rs 300/- inclusive of GST. However, the DGAP opined that the judgment of the Hon'ble High Court, Telangana was about fixing of rates of cinemas by the State Government and not about anti-profiteering provision of CGST Act 2017. The Hon'ble High Court, Telangana did not discuss or given any exemption from profiteering, the department was neither made a party to the proceedings nor was informed by the Respondent. In absence of such information, the DGAP was not aware as to whether the Respondent informed the Hon'ble Court that such reduction was done when the Anti-Profiteering wing of the department visited their premises.

4.8 The DGAP tabulated the profiteered made by the Respondent as under;

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22.02.2019 to 30.06.2019								
Sr. No.	Admission ticket	Base Price Charged (Rs.)	Commensurate Base Price (Rs)	Excess Amount Charged per ticket (Rs)	Excess Tax charged per ticket @18%	Profiteering Per unit (Rs)	Qty. Sold	Total Profiteering (including tax @18%) (in Rs.)
A	B	C	D	E= (C-D)	F= (E*18%)	G=(E+F)	H	I=(H*G)
1.	Platinum Seats	254.24	234.37	19.87	3.58	23.45	66983	15,70,751
2.	Gold Seats	169.49	156.25	13.24	2.38	15.62	640238	1,00,00,518
Grand Total								1,15,71,269/-

5. The DGAP computed the profiteered amount, after making adjustment of the profiteered amount deposited by the Respondent, as under; -

(Amount in Rs.)

Sr. No	Profiteering Amount for the period of 01.01.2019 to 05.02.2019	Profiteering Amount for the period of 06.02.2019 to 21.02.2019	Profiteering Amount for the period of 22.02.2019 to 30.06.2019	Amount already paid in Consumer Welfare Fund (excluding interest)	Final profiteering after paid in Consumer Welfare Fund
A	B	C	D	E	$F=((B+C+D)-E)$
1	35,85,787	44,380	1,15,71,269	35,66,308	1,16,35,128

6. On the basis of the above, it was concluded by the DGAP that the Respondent has indulged in profiteering. Thus, the Respondent has contravened the provision under Section 171 (1) of the CGST Act 2017.
7. During the pendency of the matter before the NAA, the Respondent filed W.P. No. 3454 of 2020 before the Hon'ble High Court for the state of Telangana at Hyderabad (hereinafter referred to as "**the Hon'ble High Court, Telangana**") challenging the proceedings. The Hon'ble High Court, Telangana, granted interim stay to the Respondent vide order dated 19.02.2020. Thereafter, the aforesaid petition was disposed of by the Hon'ble High Court, Telangana vide order dated 12.12.2023 passed in connected W.P. No. 2905/2020.
8. The tenure of the NAA ended on 30.11.2022. Thereafter, the Competition Commission of India (hereinafter referred to as "**the CCI**") was empowered to examine the matters related to Anti-profiteering with effect from 01.12.2022 vide Notification No. 23/2022 - Central Tax dated 23.11.2022.
9. The CCI issued a notice to the Respondent to file their written submissions.
10. The Principal Bench of the GST Appellate Tribunal (GSTAT), constituted under sub-section (3) of section 109 of CGST Act, 2017, has been empowered

to examine Anti-Profiteering cases w.e.f. 01.10.2024, *vide* Notification No. 18/2024 - Central Tax dated 30.09.2024.

11. A notice was issued to the Respondent calling upon their written submissions against DGAP report dated 29.01.2020.
12. The Respondent submitted its written submissions with the following averments that: -
 - 12.1 Maximum tickets prices in the State of Telangana are determined by State Government under the provision of the Telangana Cinema (Regulation) Act 1955. If any of the Cinema Hall fails to comply with the prices determined by the said authority, then it is liable for prosecution and punishment under Section 9(A) of the said Act.
 - 12.2 The State Government issued a government order 26.04.2013 determining maximum prices for Cinema tickets in cinema halls.
 - 12.3 The said Government order was challenged by the cinema owners by way of Writ Petition No 19046 of 2014. The Hon'ble High Court, Telangana *vide* order dated 31.10.2016 set aside the aforesaid order. Further, the State Government was directed to constitute a committee to study the issue and to promulgate fair prices. However, in the meantime the cinema hall owners were permitted to run their respective theatre by collecting their proposed fares.
 - 12.4 Pursuant to aforesaid directions, the State Government constituted a committee. *Vide* Government order of 2017, for the multiplexes (in the case of the Respondent) maximum ticket price for platinum class at Rs. 300/- and for gold class at Rs. 200/- inclusive of all taxes were determined.
 - 12.5 The respondent, in accordance with the aforesaid Government Order, priced its cinema tickets even though it was directed by the Anti-

profiteering wing of the GST Commissionerate, Hyderabad to ascertain the quantum of profiteering. The Respondent calculated the amount and deposited Rs. 35,66,308.28/- along with interest of Rs. 60,049/- in the Consumer Welfare Fund. The allegation of the DGAP is incorrect that total amount of profiteering, for the period 01.01.2019 to 05.02.2019, should have been Rs. 35,85,787/-.

- 12.6 The Respondent reduced the base price of the cinema movie tickets of platinum class from Rs. 300/- to Rs. 277/- and from Rs. 200/- to Rs. 185/- to provide the benefit of reduction in GST to end consumer during the period from 06.02.2019 to 21.02.2019. The conclusion drawn by the DGAP that the prices should have been reduced to Rs. 276.56/- instead of Rs. 277/- and Rs. 184.38/- instead of Rs. 185/- respectively is incorrect.
- 12.7 The Respondent suffered heavy losses on account of reduction in the prices of cinema tickets. The respondent applied to the Commissioner of Police and Licensing Authority to permit the Respondent to increase the rate of its cinema tickets to Rs. 300/- and Rs. 200/- for respective category. The said application was rejected.
- 12.8 Aggrieved from such rejection, the Respondent preferred Writ Petition No. 2482 of 2019 before the Hon'ble High Court, Telangana to declare the aforesaid order of the authority as null, void and arbitrary. The Hon'ble High Court, Telangana vide Order dated 08.02.2019, directed the Licensing Authority to permit the Respondent to sell cinema tickets at the prices as mentioned in application dated 06.02.2019 such as at Rs. 277/- for platinum class and at Rs. 185/- for gold class. Therefore, the subsequent sale of ticket at aforesaid prices were done only in pursuant to the orders of Hon'ble High Court, Telangana.

- 12.9 The Respondent in Writ Petition has disclosed this fact that the prices of cinema tickets were reduced following the reduction in rate of applicable GST. Therefore, at the time of passing the order dated 08.02.2019, the reduction of prices in tickets was duly considered by the Hon'ble High Court, Telangana. The non-joinder of the DGAP to the said writ petition is not fatal.
- 12.10 The DGAP did not consider this fact that each movie is a separate product and pricing of each movie can vary depending on the market forces and demand and supply cinema halls owners are at liberty to set prices for each movie.
- 12.11 The provision under Section 171 of the CGST Act 2017 is mis interpreted by the DGAP. It has been erroneously interpreted that any reduction in price due to the rate of tax be permanently maintained. Any restriction on the same will be contrary to India's economic policy.
- 12.12 The DGAP in its report has admitted that for the period of 01.01.2019 to 30.06.2019 the recipient of Goods and Services are not identifiable, therefore the case of the Respondent is covered under Rule 133 (3) (c) of the CGST Rules, 2017. The provision for levy on penalty came into force only on 01.04.2020, therefore, no penalty can be levied upon Respondent retrospectively for the period form 01.01.2019 to 30.06.2019.
13. During the hearing, the Respondent has submitted the copy of W.P. No. 2482 of 2019, filed before the Hon'ble High Court, Telangana, order dated 08.02.2019, the application given to Commissioner of police and Licensing Authority, Hyderabad dated 06.02.2019, judgement passed by Hon'ble High Court, Telangana, in batch petitions dated 31.10.2016.
14. Per-contra the DGAP submitted its clarification to the effect that: -

- 14.1 The methodology adopted by the DGAP is strictly in accordance with the provision u/s 171 (1) of CGST Act 2017 and the findings given by Hon'ble High Court of Delhi in *Reckitt Benckiser India Private Limited & Ors. V. Union of India & Ors. (MANU/DE/0566/2024)*.
- 14.2 The Licensing Authority only fixes the maximum permissible rate of cinema tickets beyond which the Respondent cannot charge from its customers. The Respondent was responsible to reduce the prices in order to pass on the benefit of tax rate reduction u/s 171 of the CGST Act 2017.
- 14.3 The orders passed by the Hon'ble High Court, Telangana do not provide for non-passing of the GST rate to the customers. The DGAP concluded that the base price of the Cinema tickets was increased by the Respondent. The total profiteering amount during 01.01.2019 to 05.02.2019 was computed as Rs. 35,85,787/-. The Respondent deposited profited amount of Rs. 35,66,308/- along with interest of Rs. 60,049/- for the said period. There was a short fall of Rs. 19,479/- as per the calculation made by the DGAP.
- 14.4 The Respondent did not maintain the base price of the cinema tickets across all classes of seats/slots and GST should have been charged for the pre rate reduction base price. The Respondent claimed that it increased the prices due to incremental expenditure which is not substantiated with any cogent evidence.

Oral Arguments

15. The Learned Counsel for the Respondent vehemently argued that the Respondent had suffered heavy losses due to reduction in the price of tickets. Such losses were exacerbated on account of high overhead costs involved in

the maintenance of one of the most popular multiplexes of Hyderabad and the huge investment made in.

16. The Respondent moved an application dated 06.02.2019 to the Commissioner of Police & Licensing Authority to grant permission to sell the cinema tickets at Rs. 200/- and Rs. 300/- for the respective category including tax. The respondent filed the W.P. No. 2482 of 2019 before the Hon'ble High Court, Telangana for directing the competent authority to permit the petitioner to run the theatre according to the rates as mentioned in the application dated 06.02.2019. The said Writ Petition was disposed of vide order dated 08.02.2019 in terms of the order dated 28.06.2018 passed in WP No. 21782 of 2018.
17. The W.P. No. 2718 of 2018 was disposed of by the Hon'ble High Court, Telangana vide order dated 31.10.2016, whereby petitioners- theatre were permitted to run their theatre by collecting their proposed fares. The Respondent increased the prices of cinema tickets pursuant to the permission granted by the Hon'ble High Court, Telangana. Therefore, the provision of Section 171 CGST Act, 2017 cannot be invoked.
18. To buttress his arguments, the Learned Counsel for the Respondent placed reliance on the following Judgements: -
 - (i) Reckitt Benckiser India Private Limited & Ors. V. Union of India & Ors. (MANU/DE/0566/2024)
 - (ii) Commissioner of Income tax (Central)-1 New Delhi v. Vartika Township Private Limited, Civil Appeal No. 8750 of 2014. (SC)
 - (iii) B. Prem Chand v. Mohan Koikal (2011) 4 SCC 266.
19. It is contended on behalf of the DGAP that the Respondent has mentioned contradictory reasons to increase the prices of cinema tickets in their application, Writ Petition and written submissions.

20. It is further submitted that it was well within the knowledge of the Respondent that it has to reduce its prices on account of reduction of rate of taxes on the product “*Services by way of admission to exhibition of Cinematography films*” where price of cinema ticket above Rs. 100/- from 28% to 18% w.e.f. 01.01.2019 were reduced vide notification no. 27/2018-Central tax (Rate) dated 31.12.2018.
21. It is further submitted that though the Respondent reduced the prices of cinema tickets for the period from 06.02.2019 to 21.02.2019, after depositing the profiteering amount of Rs. 35,66,308.28/- along with interest of Rs. 60,049/-, despite having knowledge of the aforesaid notification the Respondent increased the prices of cinema tickets for the duration of 22.02.2019 to 30.06.2019.
22. It is also contended that the Respondent did not array the DGAP as party to its writ petition. It is not clear that as to whether the Respondent informed the Hon’ble High Court, Telangana that such reduction was made when the Anti Profiteering wing of the department visited their premises.
23. It is further submitted that the Respondent did not inform the authority concerned even though there was a mandatory direction of the Hon’ble High Court, Telangana but it increased the prices of cinema tickets. The order passed by the Hon’ble High Court, Telangana was not complied by the Respondent. Therefore, such increase cannot be said to be made under approval of orders of Hon’ble High Court, Telangana.
24. Heard Shri Suneel Kumar, Assistant Commissioner (in situ)/ Authorized Representative assisted by Shri Ravi Passi, Inspector, on behalf of the DGAP. Shri Swapnil Shrivastava, Advocate assisted by Shri Rishabh Periwal, Advocate on behalf of Respondent.

Observations and conclusion

25. The Central Government, on the recommendation of GST Council, reduced the GST rate on the product “*Services by way of admission to exhibition of Cinematography films*” where price of Cinema tickets above Rs. 100/- from 28% to 18% w.e.f. 01.01.2019 were reduced vide notification no. 27/2018-Central tax (Rate) dated 31.12.2018.
26. Section 171 of the CGST Act, 2017 reads thus:

“Section 171 Antiprofitteering measure-

(1). Any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices.

(2) The Central Government may, on recommendations of the Council, by notification, constitute an Authority, or empower an existing Authority constituted under any law for the time being in force, to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.

Provided that the Government may by notification, on the recommendations of the Council, specify the date from which the said Authority shall not accept any request for examination as to whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.

Explanation 1. —*For the purposes of this sub-section, “request for examination” shall mean the written application filed by an applicant requesting for examination as to whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in*

a commensurate reduction in the price of the goods or services or both supplied by him.

Explanation 2. —*For the purposes of this section, the expression “Authority” shall include the “Appellate Tribunal*

(3) The Authority referred to in sub-section (2) shall exercise such powers and discharge such functions as may be prescribed.

(3A) Where the Authority referred to in sub-section (2), after holding examination as required under the said sub-section comes to the conclusion that any registered person has profiteered under sub-section (1), such person shall be liable to pay penalty equivalent to ten per cent. of the amount so profiteered:

Provided *that no penalty shall be leviable if the profiteered amount is deposited within thirty days of the date of passing of the order by the Authority.*

Explanation. *-For the purposes of this section, the expression "profiteered" shall mean the amount determined on account of not passing the benefit of reduction in rate of tax on supply of goods or services or both or the benefit of input tax credit to the recipient by way of commensurate reduction in the price of the goods or services or both”.*

27. The provisions contained in Section 171 of the CGST Act mandates that any reduction in the rate of tax, on any supply of goods and service, the benefit of ITC should be passed on to the consumer by way of commensurate reduction in prices.
28. The Hon’ble High Court, for the state of Telangana at Hyderabad in **WP No. 4760 of 2021 and 5351 of 2021 Sudarshan Theatre 35MM vs. Union of India** observed about the spirit of the legislation behind the provision for Anti-Profiteering as provided u/s 171 of CGST Act, 2017. It reads thus: -

“A plain reading of the said provision of law clearly indicates that the said provision has been introduced to ensure that the supplier of goods and services should not make profit from the reduction of the tax rate under the G.S.T. law. Rather the intention of the Government is that the moment the rate of tax under the G.S.T. is reduced, the benefit should immediately be passed on to the end-user by way of reduction in the prices commensurate with the reduction in the rate of tax. This, in other words, would mean that, the moment there is a cut in the rate of G.S.T., the price of the commodity or the services rendered has to be reduced automatically to the extent of the reduction in the rate of tax. If the supplier continues to sell the product at the same price particularly when the prices are inclusive of G.S.T., the respondent-Department or the beneficiary is not being benefitted by the Government's decision in lowering the rate of tax.”

(Emphasis added)

29. The current period of investigation was from 01.01.2019 to 30.06.2019.
30. Following points for determination arise to adjudicate the matter in issue; -
- (i) Whether the Respondent increased the price of cinema tickets, to Rs.300/- and Rs. 200/- for respective categories, pursuant to the orders dated 08.02.2019, passed by Hon'ble High Court, Telangana in WP No. 2482 of 2019 by adhering it in letter and spirits?
 - (ii) Whether in view of the given facts and circumstances of the case the Respondent is entitled to any relief in equity?
 - (iii) Whether the Respondent has been indulged in profiteering and has contravened the provision u/s 171 of the CGST Act, 2017?
 - (iv) Whether the Respondent is liable to pay the interest as provided under rule 133(3)(c) of the CGST Rules, 2017?

- (v) Whether the Respondent is liable to pay penalty as provided under section 171(3A) of the CGST Act,2017?

31. **Disposal of Point for determination No. (i) and (ii)**

Points for determination No. (i) And (ii) are being dealt and disposed of simultaneously since they are overlapping with each other.

(i) Whether the Respondent increased the prices of tickets to Rs.300/- and Rs. 200/- for respective categories pursuant to the orders dated 08.02.2019, passed by the Hon'ble High Court, Telangana in WP No. 2482 of 2019 by adhering it in letter and spirits?

(ii) Whether in view of the given facts and circumstances of the case the Respondent is entitled to any relief in equity?

32. It is an admitted fact that when the officers of the Anti-Profiteering wing of Hyderabad, GST Commissionerate, visited the premises of the Respondent, the respondent itself calculated the profiteered amount as Rs. 35,66,308.28/- along with interest of Rs. 60,049/- for the period of 01.01.2019 to 05.02.2019 on their directions. This amount was deposited by the respondent on his own into the Consumer Welfare Fund. It is also an admitted fact that the Respondent reduced the base price of the cinema tickets to provide the benefit of reduction in GST to end consumer during the period of 06.02.2019 to 21.02.2019.
33. However, the Respondent increased the prices of the cinema tickets to Rs. 300/- for platinum and Rs. 200/- for gold seats during the period of 22.02.2019 to 30.06.2019. The Respondent has submitted that such increase was made in pursuant to the order dated 08.02.2019 passed by Hon'ble High Court, Telangana in W.P. No 2482/2019 filed by it.

34. Neither in the application dated 06.02.2019 nor in W.P. No. 2482 of 2019, the Respondent did mention these facts that under the directions of the officers of the Anti-Profiteering wing of Hyderabad GST Commissionerate, the Respondent computed the profiteered amount of Rs. 35,66,308.28/- along with interest of Rs. 60,049/- for the period of 01.01.2019 to 05.02.2019 and deposited it in the Consumer Welfare Fund. Further, the Respondent did not mention that the respondent provided the benefit of the commensurate reduction in rate of tax to the end-consumer from 06.02.2019 to 21.02.2019.
35. The Respondent submitted an application dated 06.02.2019 to the Commissioner of Police & Licensing Authority Hyderabad to grant permission for sale of cinema tickets at the price of Rs. 200/- & Rs. 300/- including tax for respective category with the following averments: -

“Due to reduction of GST slabs, now we have to get the rate of admission to protect the interest of the state and the management. Cinema tickets rate includes the tax component and also tax-free maintenance charges....

*The Government originally imposed tax components at the rate of 18% for the tickets rates up to Rs 100/- and 28% above Rs 100/- ticket price. From 01.01.2019, the Central Government has reduced the tax percentage from 18% to 12% and 28% to 18% on the tickets rates up to Rs 100/- (12%) and over and above Rs 100/- (18%). **Now, the tax authority are insisting to reduce the tax component from the ticket rates, but actually cinema ticket rates are governed by Cinema (Regulation) Act and GST has no right to insist to reduce the ticket rate.**”*

36. The plain reading of the aforesaid application would reveal that on the one hand the Respondent has submitted that “*the tax authorities are insisting to reduce*

tax component from the tax rate” and on the other hand it has challenged the authority of GST department by quoting that “GST has no right to insist to reduce ticket rate”.

37. Suffice to say that, it was well within knowledge of the Respondent that the GST rates were reduced from 28% to 18% w.e.f. 01.01.2019 vide the notification dated 31.12.2018. Although, the Respondent has itself calculated the profiteered amount for the period of 01.01.2019 to 05.02.2019, even though, the Respondent put a blame on the GST Authorities that they were insisting to reduce the rates. The Respondent stated that the GST has no right to insist to reduce cinema tickets rates.
38. We are of the view that it was the statutory obligation upon the Respondent to comply with the mandatory provision as contained u/s 171 of the CGST Act, 2017 once it came to know about the said notification. It is also very important to mention here that the Respondent itself calculated the profiteered amount for the period of 01.01.2019 to 05.02.2019. Thereafter, the Respondent reduced the prices of cinema tickets to provide the benefit of reduction in GST to end consumer during the period from 06.02.2019 to 21.02.2019. Therefore, the Respondent cannot show ignorance about the notification dated 31.12.2018 and cannot escape with the obligation to comply with it on its part.
39. Further, in our opinion the Authorities constituted under the CGST Act, 2017 and the Commissioner of Police acting as the Licensing Authority under the Telangana Cinema (Regulation) Act, 1955 are distinct and each functions independently within the framework of its respective statute. Notwithstanding the fact that price of cinema tickets regulated under the Telangana Cinema (Regulation) Act, 1955, it cannot be held that GST authorities lack the authority to initiate action under the CGST Act, 2017.

40. One of the aspects which appears to be relevant to be mentioned is that the Respondent submitted the aforesaid application to the Authority concerned on 06.02.2019. The Respondent, without waiting for the outcome of the said application and response from the Authority concerned filed W.P. No. 2482/2019 on the very next day, i.e. on 07.02.2019. Such action of the respondent reveal that the aforesaid application was submitted merely as formality and solely to lay the ground work for filing the writ petition.
41. Further, the Respondent has pleaded in its written submission that:-

*“11. That keeping in mind the directions of the Hon’ble High Court of Telangana in its order dated 31.10.2016 in Writ Petition No. 19046/2014, the Respondent applied the Commissioner of Police and licensing Authority, Hyderabad, the licensing Authority constituted under the Cinemas Act for permission to enhance the rate of its tickets back to Rs. 300/- and Rs. 200/- for the platinum and gold classes respectively. However, the Respondent’s application was **rejected** in violation of the direction of the Hon’ble High Court for Telangana.*

12. In view of the same the Respondent was constrained to prefer Writ Petition No. 2482 of 2019 before the Hon’ble High Court, Telangana seeking direction from the Hon’ble Court to declare action of the Licensing Authority in not fixing the rate of admission for the Respondent’s theatre as per its application dated 06.02.2019 as null, void, and arbitrary.”

42. No such order, whereby the application of the Respondent dated 06.02.2019, as alleged, was rejected by the Commissioner of Police and Licensing Authority, Hyderabad, is brought on record by the Respondent. In absence of such order

on record, it cannot be concluded that the Authority concerned took any view on the aforesaid application giving rise cause to the Respondent to file writ petition. We are of the considered view that when the Respondent preferred the W.P. No. 2482 of 2019 on 07.02.2019, no such order of rejection was available at their end. Therefore, the submission of the Respondent that the respondent was constrained to file W.P. No. 2482 of 2019 since their application dated 06.02.2019 was rejected by the authority concern cannot be relied upon.

43. The Respondent did not array the DGAP as Respondent in Writ Petition 2482 of 2019. The Respondent in his application dated 06.02.2019 asserted that due to reduction of GST slabs, now it has to get the rate of admission to protect the interest of the State and the management. Further it was mentioned that the Tax Authorities are insisting to reduce the tax component from the cinema ticket rates and the GST has no right to insist to reduce the cinema tickets rate. The Respondent on the direction of the Anti-profiteering wing of the GST Commissionerate, Hyderabad calculated and deposited the profiteered amount from 01.01.2019 to 06.02.2019. After reduction in the rates of cinema tickets for the period 06.02.2019 to 21.02.2019, the Respondent increased the rates on 22.02.2019. It is an admitted situation that the rates of the cinema tickets include the tax component. The aforesaid facts are directly connected with the GST department and its procedure. Therefore, the DGAP was necessary and proper party to the W.P. No. 2482 of 2019. It appears that the Respondent deliberately did not arrayed DGAP as Respondent in the aforesaid writ petition. We are of the view that the Respondent should have arrayed the DGAP as party to the aforesaid writ petition.
44. In view of the forgoing discussions, under the fact and circumstances of the case, it is apparent that the Respondent concealed material facts during proceedings, the DGAP, though necessary and proper party to the writ petition

was not pleaded as Respondent and made contradictory statements in the pleadings. Therefore, it is concluded that the Respondent did not observe equity, fair play and good conscience.

45. The Hon'ble High Court, Telangana disposed of the W.P. No. 2482/2019 vide order dated 08.09.2018. The order passed by Hon'ble Court is reproduced here:

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“ORAL ORDER:

Heard learned counsel for petitioner and learned Government Pleader for Home.

2. This writ petition is filed assailing the action of respondents in not allowing the petitioner-theatre to run as per rates mentioned in its application dated 06-02-2019.

3. It is stated by learned counsel for the petitioner that in similar circumstances, this Court disposed of WP. No. 21782 of 2018 by its order dated 28-06-2018. The same is not disputed by learned Assistant Government Pleader for Home.

4. In view of the same, for the reasons alike in the aforesaid order dated 28-06-2018, this writ petition is also disposed of in terms thereof. As a sequel to the disposal of this petition, miscellaneous petitions, if any, pending shall stand closed.”

46. The order dated 28.06.2018 passed in WP. No. 21782 of 2018 by the Hon'ble High Court, Telangana is reproduced herein: -

“O R D E R :

This writ petition is filed to declare the action of the respondents in not fixing the rate of admission for the petitioner-theatre as per their application dated 20.06.2017, as illegal and arbitrary.

During the course of hearing, learned counsel for the petitioner submits that the issue involved in the present writ petition is squarely covered by order dated 31.10.2016 in WP. No. 19046 of 2014 and batch.

In view of the same and for the reasons alike, this writ petition is also disposed of in terms of the said order; No order as to costs.

As a sequel thereto, miscellaneous petitions, if any, pending in the writ petition, shall stand closed”

47. Further, the Hon’ble High Court, Telangana disposed of batch of writ petition vide order dated 31.10.2016. The relevant paragraph of the operative portion involving question under consideration is quoted herein: -

“10. Considering the facts and circumstances of the case and the interim orders passed by this Court earlier in some of the writ petitions, this court is of the view that the present writ petitions can be disposed of with the following directions:

- (i) G.O.Ms. No.100 Home (General. A1) Department, dated 26.4.2013 is set aside.*
- (ii) Both the Government are directed to constitute their respective committees headed by the respective Principal Secretaries for Home. Insofar as the other members of the Committees are concerned, it is left open to the respective Principal Secretaries for Home to choose the exhibitors, distributors and other members to participate in the committee so as to adjudicate the issues involved in all the writ petitions.*
- (iii) While taking decision, the committees are directed to consider the welfare of the cine-goers primarily and also the grievance of the exhibitors and distributors and frame the rules in accordance with law on or before 30.3.2017:*
- (iv) If any decisions are taken and any G.O. is issued prior to 30.3.2017, the same shall become operative in nature.*
- (v) **The petitioners-theatres are permitted to run their respective theatres by collecting their proposed fares. However, it is made clear that the petitioners shall inform to the Authorities concerned as to the ticket rates, which they intend to collect in respect of all classes till adjudication of the issues in question by the respective committees.***

- (vi) *In some of the writ petitions, this court issued interim orders permitting the petitioners therein to collect the rates as proposed in their applications, and to maintain separate account with regard to the difference amount in the rates collected by them. Those interim orders passed by this Court earlier in some of the writ petitions shall stand superseded. However, the authorities concerned are directed to take a decision with regard to the difference amounts maintained separately by the petitioners pursuant to the interim orders of this Court;*
- (vii) *It is made clear that the petitioners in the writ petitions, in which there are no such earlier interim orders, shall approach the authorities concerned and inform them as to the rates of the tickets, which they intend to collect.*
- (viii) All the petitioners are directed to pay the taxes proportionate to the proposed rates of the tickets.**

11. With the above directions, the Writ Petitions are disposed of. No costs. Consequently, all the miscellaneous petitions pending, if any, shall stand closed."

48. The Hon'ble High Court, Telangana vide order dated 31.10.2016 granted liberty to the petitioners-theatres to run their theatres by collecting their proposed fares. A condition precedent was imposed by the Hon'ble Court, Telangana upon the petitioners that they **shall** inform to the authorities concerned as to the tickets rate, which they intend to collect in respect of all classes till adjudication of the issues in question by the respective committees.
49. Therefore, it was the responsibility of the Respondent to adhere with the directions of the Hon'ble High Court, Telangana in true letter and spirits. While, the Respondent increased the rates of cinema tickets, as proposed by him in his application dated 06.02.2019, no such material whatsoever is brought on record

which can demonstrate that the Respondent strictly complied with the mandatory direction of the Hon'ble Court.

50. During the argument, we put a query to the Learned Counsel for the Respondent about the compliance of the condition precedent as imposed by Hon'ble High Court, Telangana made by the Respondent? We are informed by the Learned Counsel for the Respondent that through the application dated 06.02.2019 it has already been informed to the Authorities concerned about the proposed rates on which it intended to sell the cinema tickets. No such information was given to the Authority concerned after the order of the Hon'ble High Court, Telangana dated 08.02.2019.
51. We are not in agreement with the submission advanced by the Learned Counsel for the respondent that the information as contained in the application dated 06.02.22019 would be suffice to be treated as strict compliance of mandatory directions as recorded by the Hon'ble High Court, Telangana vide order dated 31.10.2016. In this eventuality it is concluded that the Respondent did not inform the Authority concerned about increasing the rates of cinema tickets in respect of Gold and Platinum classes as directed by the Hon'ble High Court, Telangana.
52. In view of the above, we are of the considered view that though the Respondent increased the rates of cinema tickets which the respondent intended to collect in respect of Gold and Platinum classes as mentioned in the application dated 06.02.2019, however, the Respondent completely failed to comply with the mandatory direction of the Hon'ble High Court, Telangana as contained in operative paragraph No. 10(v) of the judgement dated 30.10.2016 (as referred above) in true letter and spirits.
53. On the basis of the forgoing discussions and observation made by us while dealing with the point for determination No. (i) and (ii), we conclude that the

Respondent completely failed to comply with the mandatory direction of the Hon'ble High Court, Telangana given vide order dated 31.10.2016 passed in W. P. No. 19046 of 2014 in true letter and spirits. Further, on account of non-compliance, contradictory pleadings and submissions as discussed above, the Respondent is not entitled to any equitable relief under the facts and circumstances of the case.

54. **Disposal of point for determination No. (iii)**

(iii) Whether the Respondent has been indulged in profiteering and has contravened the provision u/s 171 of the CGST Act, 2017?

55. The DGAP concluded in its report that in the amount of profiteering as calculated by the Respondent for the period of 01.01.2019 to 05.02.2019 a difference of Rs. 19,479/- was noted. The respondent submitted that it is incorrect. However, the submission of the Respondent is not substantiated with any cogent evidence. Further, for the period of 06.02.2019 to 21.02.2019, the DGAP computed the profiteered amount to Rs. 44,380/- due to the difference occurred even the prices of the tickets were reduced by the Respondent. Insofar as the period of 22.02.2019 to 30.06.2019 is concerned, the justification offered by the Respondent to increase the rates of the cinema tickets has already been discussed and found to be unacceptable by us.

56. The DGAP adopted the methodology strictly in accordance with the provision as contained under Section 171 of the CGST Act, 2017. In terms of the said provision during post rate reduction with effect from 01.01.2019, the Respondent was legally bound to maintain the base price of the tickets across all classes of the seats and the GST should have been charged on the pre reduction base price. On the other hand, the Respondent could not show any

cogent reason on which basis the computation of profiteered amount may be disbelieved. Therefore, the computation made by the DGAP deserves to be accepted. Thus, it is concluded that the Respondent has indulged in profiteering and has contravened the provision of the Section 171 of the CGST Act, 2017.

57. **Disposal of point for determination No. (iv)**

(iv) Whether the Respondent is liable to pay the interest as provided under rule 133(3)(c) of the CGST Rules, 2017?

58. Learned Counsel for the Respondent agitated that the interest cannot be levied for any period prior to the introduction of the statutory provision enabling imposition of interest under Rule 133(3)(c) of the CGST Rules 2017. It was therefore submitted that the Respondent is not liable to pay interest on the profiteered amount computed by the DGAP.

59. The Rule 133(3)(c) of the CGST Rules, 2017 is reproduced here: -

“(c) the deposit of an amount equivalent to 50 % of the amount determined under the above clause (along with the interest at the rate of 18 percent from the date of collection of the higher amount till the date of such amount) in the fund constituted u/s 57 of the Goods and Services Tax Act, 2017 of the concerned State, where the eligible person does not claim return of the amount or is not identifiable”

60. The interest clause is inserted vide Notification No. 31/2019-Central Tax, dated 28.06.2019 w.e.f. 28.06.2019. Accordingly, the imposition of interest on the Respondent, can only be made with effect from 28.06.2019, and not for any period prior thereto, as also held by the co-ordinate bench of this Tribunal in

DGAP v. Proctor & Gamble Group, (2025) 35 Centax 77 (Tri. – GST – Delhi).

The Tribunal observed as under:

“We agree to the argument advanced by the Learned Counsel for the Respondent that the provision of imposition of 18% interest on the profiteered amount shall come into force only to those cases which call after the notification on the amending (Fourth) Rule came into force, i.e. 28.06.2019 and not on 01.04.2020 ‘as argued by the Learned Counsel. However, in this case, profiteering took place much prior to date of coming into force of such provisions for levying interest in view of the Constitution Bench Judgment of the Supreme Court in the case Vatika Township Pvt. Ltd. (Supra), we are of the opinion that this is not the fit case where Respondent should be directed to pay any interest on the profiteered amount. (C.I.T.(C-I) New Delhi vs. Vatika Township Pvt. Ltd. (2015) SCC 1.”

61. In the instant case, since the period of violation is 01.01.2019 to 30.06.2019, the Respondent shall be liable to pay interest, as applicable under Rule 133(3)(c) of the CGST Rules, 2017 from 28.06.2019 till the date the profiteered amount as calculated by the DGAP is deposited.

62. **Disposal of point for determination No. (v)**

(v) Whether the Respondent is liable to pay penalty as provided under rule 171(3A) of the CGST Act, 2017?

63. The provision for imposition of penalty under Section 171(3A) of the CGST Act, 2017 is incorporated and came into force w.e.f. 01.01.2020. in the present case, the period of contravention is from 01.01.2019 to 30.06.2019. Therefore, penalty is not liveable as per Section 171(3A) of the CGST Act, 2017.

64. In view of the foregoing discussions, we arrived at the conclusion that the Respondent has indulged in profiteering. Thus, it has contravened the provision under Section 171 of the CGST Act, 2017. Therefore, report of the DGAP deserves to be accepted. The objections made by the Respondent are liable to be rejected.

ORDER

65. The report of the DGAP dated 29.01.2020 is accordingly accepted.

66. The objections of the Respondent are hereby rejected.

67. The Respondent is directed to deposit the profiteered amount along with the interest @ 18% from 28.06.2019 to 30.06.2019, as applicable. 50% of the profiteered amount along with the interest shall be deposited in Central Consumer Welfare Fund and remaining 50% of the profiteered amount along with interest shall be deposited in Telangana State Consumer Welfare Fund, however, no penalty shall be leviable upon the Respondent.

68. The copy of the Judgment and the order be sent to concerned CGST/SGST Jurisdictional Commissioner for necessary action at their end.

69. Judgment pronounced in open Court today.

(Justice Mayank Kumar Jain)

Dated: 16.04.2026

(MAMTA VERMA)