

GSTAT
Single Bench Court No. Court II

NAPA/25/PB/2025

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

.....Appellant

Versus

VISHWANATH CINEMA HALL 70MM

.....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. : ZA070010626000079H

Date of order : 11/06/2026

1.	GSTIN/Temporary ID/UIN - 36AADFV0254C1ZL	
2.	Appeal Case Reference no. - NAPA/25/PB/2025	Date - 18/06/2024
3.	Name of the appellant - DGAP , dgap.cbic@gov.in , 011-23741544	
4.	Name of the Respondent - 1. Vishwanath Cinema Hall 70MM , vedulabsrao@gmail.com	
5.	Order appealed against -	

	(5.1) Order Type -	
	(5.2) Ref Number -	Date -
6.	Personal Hearing - 11/06/2026 02/06/2026 18/05/2026 16/04/2026 24/03/2026 16/03/2026 06/02/2026 05/01/2026 17/12/2025 19/11/2025 13/11/2025 13/10/2025 25/09/2025	
7.	Status of Order under Appeal - Confirmed – Order under Appeal is confirmed	
8.	Order in brief - The DGAP report dated 26.02.2024 and its supplementary Report dated 18.06.2024 are hereby accepted.	
Summary of Order		
9.	Type of order : Deposit in Consumer Welfare Fund/s	

ORDER

JUSTICE MAYANK KUMAR JAIN, JUDICIAL MEMBER.

1. The present proceedings arise from a complaint made by the Principal Commissioner, Medchal Commissionerate, Medchal GST Bhawan, 11-4-649/B, Lakdi-Ka-Pool, Hyderabad-500004 (hereinafter referred to as “*the Applicant*”) before the Standing Committee under Rule 128 of the Central Goods and Services Tax Rules, 2017 (for short “*the CGST Rules, 2017*”).
2. The Applicant has alleged that M/s Viswanath Cinema Hall 70MM, Plot No. 1, KPHB Mail Road, Hydernagar, Kukatpally, Hyderabad-500072 (hereinafter referred to as “*the Respondent*”)has indulged in

profiteering in contravention of Section 171 of Central Goods and Services Tax Act, 2017 (for short "*the CGST Act, 2017*") in so far as it failed to pass on the benefit of reduction in GST rate with respect to supply of "services by way of admission to exhibition of cinematography films", where price of admission ticket is one hundred rupees or less, were reduced from 18% to 12% w.e.f. 01.01.2019 vide Notification No. 27/2018- Central Tax (Rate) dated 31.12.2018 (for short "*the Notification*").

3. It is alleged that the Respondent failed to commensurately reduce the prices of such tickets, thereby denying the benefit of a tax reduction 18% to 12% on cinema tickets to the recipients and instead increasing the base price to maintain the same cum- tax selling price.
4. The complaint was examined by the Standing Committee on Anti-Profiteering, and the same was forwarded to the Director General on Anti-Profiteering (hereinafter referred to as "*the DGAP*") under Rule 129(1) of the CGST Rules, 2017.
5. Based on the aforesaid reference, the DGAP initiated an investigation. A notice was issued to the Respondent calling upon it to show cause whether the benefit of GST rate reduction on Cinema tickets has been passed on to the recipients by way of commensurate reduction in the prices in respect of "services by way of admission to exhibition of cinematography films" supplied by them.
6. Upon completion of the investigation, the DGAP submitted its report under Rule 129(6) of the CGST Rules, 2017, dated 26.02.2024 before the Competition Commission of India, New Delhi (hereinafter

referred to as “*the CCI*”), the erstwhile Authority, which 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.

7. The observations and conclusion drawn by the DGAP are summarised as follows: -

- (i) The Respondent has confirmed that there were three rates of admission tickets of Rs. 100/-, Rs. 60/- and Rs. 30/- respectively.
- (ii) Since, as per the Notification, where the price of the admission ticket is above Rs. 100/- or less, it has been reduced from 18% to 12%, the Respondent was bound to maintain the base price of the tickets and should have charged at the pre-rate-reduction price w.e.f. 01.01.2019.
- (iii) During the period under investigation, the Respondent sold tickets at Rs. 100/-, Rs. 60/-, and Rs. 30/-, respectively, during the pre and post-reduction periods, and the cum-tax price of these three categories remained the same even after the tax rate reduction.
- (iv) It was further observed that during December 2018, January 2019, and March 2019, the Respondent has sold tickets at varying rates in December, 2018 respectively Rs. 80/-, Rs. 112/- and subsequently at Rs. 125/- in May 2019.
- (v) Thus, it is apparent that the Respondent has increased the base price of the admission ticket, whereas the GST rates were

reduced. The computation of base price and selling price is tabulated as under: -

Sr No.	01.12.2018 to 31.12.2018			01.01.2019 to 30.06.2019				
	Price of Ticket inclusive of tax (in Rs.)	GST Rate (%)	Base Price exclusive of tax (in Rs.)	Price of Ticket inclusive of tax (in Rs.)	GST rate (%)	Base Price exclusive of tax (in Rs.)	Commensurate Base Price (in Rs.)	Price of Ticket which should have been Charged (in Rs.)
A	B	C	D=[B/118%]	E	F	G	H=D	I=(H*112%)
1	100	18	84.74	100	12	89.28	84.74	94.91
2	60	18	50.84	60	12	53.57	50.84	56.94
3	30	18	25.42	30	12	26.78	25.42	28.47
4	80	18	67.79	80	12	71.42	67.79	75.92
5	40	18	33.89	40	12	35.71	33.89	37.95
6	112	18	94.91	112	12	100.00	94.91	106.29
7	125	18	105.93	125	12	111.60	105.93	118.64

(vi) Based on the aforesaid table, it was noted that the Respondent has increased the base of price of admission ticket of Rs. 100/- from Rs. 84.74 to 89.28, price ticket of Rs. 60/- from Rs. 50.84 to 53.57, price ticket of Rs. 30/- from Rs. 25.42 to 26.78, price ticket of Rs. 80/- from Rs. 67.79 to Rs. 71.42, price ticket of Rs. 40/- from Rs. 33.89 to Rs. 35.71, price ticket of Rs. 112/- from Rs. 94.91 to Rs. 100/- and from Rs. 105.93 to Rs. 111.60 for Rs. 125/- whereas, it should have been revised to Rs. 94.91 for price ticket of Rs. 100/-, Rs. 56.94 for price ticket of Rs. 60/-, Rs. 28.47 for price ticket of Rs. 30/-, Rs. 75.92 for price ticket of Rs. 80/-, Rs. 37.95 for price ticket of Rs. 40/, Rs. 106.29 for price ticket of Rs. 112/- and Rs. 118.64 for price ticket of Rs. 125/-.

(vii) In view of the above, it was concluded that the benefit of GST rate reduction from 18% to 12% in respect of “services by way of admission to exhibition of cinematography films” was not passed on to the recipients. Thus, the Respondent has contravened the provision under section 171 of the CGST Act, 2017.

(viii) Further, the quantification of the profiteering amount for the period of 01.12.2018 to 30.06.2019 is tabulated as under: -

01.01.2019 to 30.06.2019							
Price of Ticket inclusive of tax (in Rs.)	Base Price charged (Rs.)	Commensurate to Base Price (Rs.)	Excess amount charged per ticket (Rs.)	Excess tax charged per ticket @ 12%	Profiteering per unit (Rs.)	Qty. Sold	Total Profiteering (including tax @12%) (in Rs.)
A	B	C	D=(B-C)	E=(D*12%)	F=(D+E)	G	H=(G*F)
100	89.28	84.74	4.54	0.54	5.08	26023	132196.84
60	53.57	50.84	2.73	0.33	3.06	7875	24097.5
30	26.78	25.42	1.36	0.16	1.52	26806	40745.12
80	71.42	67.79	3.63	0.43	4.06	9485	38509.1
40	35.71	33.89	1.82	0.21	2.03	82475	167424.25
112	100.00	94.91	5.09	0.61	5.70	14744	84040.8
125	111.60	105.93	5.67	0.68	6.35	17934	113880.9
Total amount							600934.51

(ix) The total amount of profiteering was computed as Rs. 6,00,934/-.

8. The CCI vide its order dated 14.03.2024, sent back the matter to the DGAP for re-investigation in terms of Rule 129(c) of CGST Rules, 2017, in terms of the following issues: -

- (i) There was apparently a short payment of GST in the pre-reduction and post-reduction periods, which has not only adversely impacted the appropriate payment of GST, but also the affected the amount of payment.
 - (ii) As per the Jurisdiction Commissionerate, the taxable amount is Rs. 1,05,62,373/- from the sales of the tickets. However, as per the GSTR-3B, the taxable amount is Rs. 1,46,63,004/-. The difference between the two figures had not been reconciled.
 - (iii) The Profiteered amount needs to be determined till the date of reduction in the price in compliance with the provisions of Section 171 of the CGST Act, 2017.
9. Pursuant to the aforesaid direction, the DGAP re-investigated the matter and has submitted its supplementary Report dated 24.06.2024 such, as: -
- (i) The Respondent has sold the tickets @ Rs. 118/- in December 2018 and has paid GST @ 18%, which was supposed to be 28% as the price of the tickets was above Rs. 100/-. Similarly, the Respondent has charged Rs. 112/- per Cinema ticket in January, 2019 and some @ Rs. 125/- in August, 2019 and has paid GST @ 12%, which was supposed to be 18%. Therefore, there was a short payment of GST during the pre and post-rate reduction period.
 - (ii) Therefore, it was concluded by the DGAP that the Respondent has increased the base price of the admission ticket when the

GST rate was reduced from 28% to 18% w.e.f. 01.01.2019.

The said observation is demonstrated in the following table:-

Period (01.12.2018 to 31.12.2018)				Period (01.01.2019 to 30.06.2019)				
S. No.	Price of Ticket inclusive of Tax (in Rs.)	GST Rate (%)	Base Price exclusive of Tax (in Rs.)	Price of Ticket inclusive of Tax (in Rs.)	GST Rate (%)	Base Price exclusive of Tax (in Rs.)	Commensurate Base Price (in Rs.)	Price of Ticket which should have been charged (in Rs.)
A	B	C	D=B/128%	E	F	G=E/118%	H=D	I=H*118%
1	112	28	87.50	112	18	94.92	87.50	103.25
2	125	28	97.66	125	18	105.93	97.66	115.23

- (iii) Based on the aforesaid observations, the profiteering amount is computed as under: -

Period (01.01.2019 to 30.06.2019)								
Price of Ticket inclusive of Tax (in Rs.)	Base Price Charged (in Rs.)	Commensurate Base Price (in Rs.)	Excess amount charged per ticket (in Rs.)	Excess Tax charged per ticket @12%	Profiteering per unit (in Rs.)	Quantity Sold	Total Profiteering including Tax @18% (in Rs.)	
A	B	C	D=B-C	E=D*18	F=D+E	G	H=G*F	
112	94.92	87.50	7.42	1.33	8.75	14744	129010	
125	105.93	97.66	8.28	1.49	9.77	17934	175215	
Total Amount								304225

- (iv) Insofar as the price of admission ticket of Rs. 100/- or less is concerned, there is no short payment of GST by the Respondent. When the GST rate was reduced from 18% to 12% w.e.f. 01.01.2019, the following calculation was made by the DGAP to demonstrate that the base price is increased by the Respondent whereas the base price should have been

reduced commensurately after the rate-reduction of tax as under: -

Period (01.12.2018 to 31.12.2018)				Period (01.01.2019 to 30.06.2019)				
S. No.	Price of Ticket inclusive of Tax (in Rs.)	GST Rate (%)	Base Price exclusive of Tax (in Rs.)	Price of Ticket inclusive of Tax (in Rs.)	GST Rate (%)	Base Price exclusive of Tax (in Rs.)	Commensurate Base Price (in Rs.)	Price of Ticket which should have been charged (in Rs.)
A	B	C	D=B/118%	E	F	G=E/112%	H=D	I=H*112%
1	100	18	84.74	100	12%	89.28	84.75	94.91
2	60	18	50.84	60	12%	53.57	50.85	56.94
3	30	18	25.42	30	12%	26.78	25.42	28.47
4	80	18	67.79	80	12%	71.42	67.80	75.92
5	40	18	33.89	40	12%	35.71	33.90	37.95

- (v) For tickets priced above Rs. 100/-, profiteering was quantified at Rs. 3,04,225/-, whereas for tickets priced at Rs. 100/- and below, profiteering was calculated at Rs. 5,95,048/-. The total profited amount was, thus, determined as Rs. 8,99,273/- for the period from 01.01.2019 to 30.06.2019.
- (vi) In its supplementary Report dated 26.02.2024, the DGAP observed that a substantial discrepancy was found between the taxable turnover reflected in the sales data as Rs. 1,18,29,858/- and the outward supplies declared in GSTR-3B returns as Rs. 1,46,63,004/-. The said discrepancy was neither reconciled by the Respondent nor clarified by the jurisdictional Commissionerate, thereby casting doubt upon the accuracy of the profiteering computation and necessitating further investigation. During the re-investigation, the DGAP, upon scrutiny of revised data and submissions, identified a formula

error in the earlier computation and corrected the taxable turnover to Rs. 1,38,29,858/-. After exclusion of non-ticket revenues amounting to Rs. 8,49,626/-, the adjusted turnover of Rs. 1,38,13,378/- reconciled substantially with the corrected sales data, leaving only a minor differential of Rs. 16,481/- which was attributed to rounding/misplacement. Accordingly, the discrepancy was deemed reconciled, and the profiteering was conclusively quantified at Rs. 8,99,273/-, thereby modifying and superseding the earlier findings.

(vii) The DGAP accepted the Respondent's explanation that a formula error in the January 2019 sales statement had caused a substantial mismatch. After corrections and reconciliation, the turnover figures were largely aligned, and the remaining minor difference did not affect the profit computation.

10. The Principal Bench of the GST Appellate Tribunal (for short “GSTAT”), constituted under sub-section (3) of section 109 of the CGST Act, 2017, has been empowered to examine Anti-Profitereering cases w.e.f. 01.10.2024, vide Notification No. 18/2024 - Central Tax dated 24.02.2024.
11. A notice was issued to the Respondent calling upon their written submissions against the DGAP report dated 24.02.2024 and its supplementary Report dated 24.06.2024.
12. The Respondent in their written submissions and averred that: -
 - (i) The Respondent has been operating a cinema theatre for more than 25 years under the licences granted under the Andhra

Pradesh/Telangana Cinema Regulation laws and has regularly paid entertainment tax and GST. Before the introduction of GST, entertainment tax was levied under the State laws, after GST was introduced, Cinema tickets became subject to GST at rates of 18% and 28%, depending upon ticket value.

- (ii) In the state of Telangana, the rate of admission in the theatre is determined by the licensing Authority at the request of the theatre. The tickets are inclusive of entertainment tax and GST. When the theatre owner wants to increase the rates and the licensing Authority fails to pass any order, they approach the Hon'ble High Court to seek permission to increase the rates. Earlier, a GO No. 100 dated 26.04.2023, was issued by the State Government, which was challenged by the theatre owners before the Hon'ble High Court and consequently the said GO was set-aside.
- (iii) As of today, the theatre owners are entitled to determine the rates. The licensing Authority has no power to grant permission for increasing the rates.
- (iv) After the introduction of GST, the tickets include the tax component, and no separate tax is being charged from the viewers. The rate of admission of cinema tickets is fixed for each class.
- (v) From 01.01.2019, the GST on Cinema tickets was reduced from 18% to 12%, the Respondent is submitting the daily collection reports to the Authority. For the enhancement of the rate,

whenever new films are released from time to time, Respondents are obtaining permission from the Hon'ble High Court.

- (vi) The Respondent submitted a suitable reply to the notice issued by the DGAP along with all relevant information. The Cinema owners do not issue any invoices. The Respondent is submitting regular returns to the GST authorities.
- (vii) Cinema theatres in the state of Telangana are governed by the Cinema Regulation Act and Rules. The theatre owners have no independent right to sell the ticket on their own for any enhancement or reduction.
- (viii) The screening of films in the theatre is on a weekly basis, and the film is changed every week. It commences on Friday and ends on Thursday. Every week, a new film will be released, and new rate of admission will be decided by the distributor with the permission of the licensing Authority.
- (ix) If a new and high-budget film is scheduled for release, the admission rate will be increased at the will and wish of the producer and distributor. The Government is granting permission for such a film for one or two weeks. Since the Respondent has no stock keeping in the theatre, as every show is a new show, there is no question of profiteering in the cinema business. The Respondent has not committed any irregularity and has not gained any money which attracts profiteering.

13. The DGAP submitted its clarification that: -

- (i) The DGAP has concluded that the base prices of tickets were, in fact, increased by the Respondent, and the total profiteering amount due to such increase during the period from 01.01.2019 to 30.06.2019 was computed as Rs. 8,99,273/-.
 - (ii) While the licensing Authority fixes the maximum permissible rates of tickets, the burden under Section 171 of the CGST Act, 2017, lies on the Respondent to reduce the ticket price to pass on the benefit of tax rate reduction. Therefore, the contentions of the Respondent cannot be accepted.
 - (iii) The Respondent did not submit any sanction letter from the licensing Authority for permitting the increase in the rates as requested. In the absence of such sanction letter, the contention of the Respondent is unacceptable.
 - (iv) The learned Representative of the DGAP relied upon the decision of this Tribunal passed in ***DGAP vs. Mallikarjuna Cinema Hall, 70MM Hyderabad (Case No. NAPA/3/PB/2025)***
14. Heard Shri Praveen Kumar, Additional Assistant Director/Authorised Representative on behalf of the DGAP and Shri Kancharla Durga Prasad, Advocate on behalf of the Respondent.
15. It is the foundation of the arguments advanced by learned Counsel for the Respondent that the rate of admission in theatre is determined by the licensing Authority at the request of the theatre. When the theatre owner desires to increase the rates but the licensing Authority fails to

pass any order, they are constrained to approach the Hon'ble High Court to seek permission to increase the rates of cinema tickets.

16. It is further submitted that as of today, the theatre owners are entitled to determine the rates and the licensing Authority has no power to grant permission for an increase in the rate of tickets. Cinema theatres in the State of Telangana are governed by the Cinema Regulation Act and Rules. The theatre owners have no independent right to sell the ticket on their own. For any enhancement or reduction in cinema tickets, it must be approved and granted by the licensing Authority only. In the event that a new and high-budget film is scheduled for release, the admission rate will be increased at the will and wishes of the producer and the distributor. If a new and high-budget film is scheduled for release, the admission rate will be increased at the will and wish of the producer and distributor.
17. The learned Counsel vehemently argued that the competent Authority grants permission to high ticket rates in case a particular popular movie is scheduled to be screened. The learned Counsel referred to the permission dated 10.12.2025, which was granted for the movie "AKHANDA-2" releasing on 12.12.2005, the management of all the theatres in the state of Telangana was permitted to enhance the rate of the tickets. For the ready reference, such permission is reproduced herewith: -

"In the circumstances reported in the reference 2nd cited, after careful examination, Government hereby accord permission to hike in ticket rates as detailed below for the Movie

"AKHANDA-2" releasing on 12-12-2025 to the managements of all the Theaters in the State of Telangana in relaxation of Rules/Guidelines specified in the reference 1st cited.

➤ *One Show at 8.00 pm on 11.12.2025 with ticket rate of Rs.600/-including GST.*

➤ **Enhanced Rates (for all theatres):**

Single Screens: Rs. 50/- hike in rate per ticket (including GST)

Multiplexes: Rs.100/- hike in rate per ticket (including GST).

Applicable period: from 12-12-2025 to 14-12-2025 (3 days)."

18. Similarly, for the movie "OG" releasing on 25.09.2025, the following permission was granted by the Government of Telangana: -

"In the circumstances reported in the reference 3rd cited, after careful examination, Government hereby allow screening of one show and hike in ticket rates as detailed below for the Movie "OG" releasing on 25-09-2025 to the managements of all the Theaters in the State of Telangana:

➤ *One show at 9.00 PM on 24-09-2025 with ticket rate of Rs.800/- (including GST) for this show only.*

➤ **Enhanced Rates (for all theatres):**

Single Screens: Rs. 100/- hike in rate per ticket (including GST).

Multiplexes: Rs.150/- hike in rate per ticket (Including GST).

Applicable period: from 25-09-2025 to 04-10-2025 (10 days)."

19. Per Contra, the learned Representative of the DGAP vehemently argued that the maximum price limit is determined by the Government in the aforesaid order. The Respondent was bound to reduce the base price of the

cinema ticket after the rate reduction of tax from 18% to 12%, where the price of the tickets was Rs. 100/-.

Observations and discussions

20. The Central Government, on the recommendation of the GST Council, reduced the GST rate on the product “*Services by way of admission to exhibition of Cinematography films*” where the 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.
21. Section 171 of the CGST Act, 2017 reads thus: -

“Section 171 Anti-profiteering 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”.*

22. The provisions contained in Section 171 of the CGST Act mandate that any reduction in the rate of tax, on any supply of goods and services, the benefit of ITC should be passed on to the consumer by way of a commensurate reduction in prices.
23. 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 under Section 171 of the 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)

24. In the present matter, the period under investigation and consideration is 01.01.2019 to 30.06.2019.
25. Insofar as the argument of learned Counsel for the Respondent is concerned that the rate of admission is determined by the licensing Authority at the request of the theatre, no such document making a request to the Authority concerned or documentary evidence is brought on record by the Respondent which can substantiate their argument. Further, no such evidence regarding the permission granted by the Hon'ble High Court of Telangana in the matter of the Respondent is brought on record to support their argument that they had approached the Hon'ble High Court to increase the rate of the cinema tickets, and an order in favour of the Respondent was passed by the Hon'ble Court.
26. In their written submissions, on the one hand, the Respondent averred that as of today, the theatre owners are entitled to determine the rates of the tickets and the licensing Authority has no power to grant permission to increase the rate, but on the other hand, it is averred that the rate of admission in the theatre is determined by the licensing Authority at the request of the theatre. Furthermore, it is pleaded that the theatre owners have no independent right to sell the ticket on their own for any enhancement or reduction. Every week, a new film will be released, and new rate of admission will be decided by the distributor with the permission of the licensing Authority. It is also averred that when a new and high-budget film is scheduled for release, the admission rates would be increased at the will and wish of the producer and the distributor.

27. The averments made by the Respondent are contradictory in nature under the facts and circumstances of the case. Taking different pleas for justifying the hike in the rate of Cinema tickets, do not justify the correctness of the increment in prices. In the absence of any cogent or corroborative evidence supporting the alleged grounds for the price hike, and considering the contradictory nature of the Respondent's pleadings, the increment in the base price of cinema tickets, as effected by the Respondent, is untenable and cannot be sustained in law.
28. Further, the Respondent has failed to bring on record any relevant Government Order for the relevant period under investigation to demonstrate that the Respondent was permitted to increase the rates of Cinema tickets by the Authority concerned. Insofar as the Government orders filed and relied upon by the learned Counsel for the Respondent are concerned, it is notable that firstly these Government orders pertain to the year 2025 and cannot be considered as prima facie evidence related to the facts and circumstances of the matter under consideration. Secondly, if these documents are considered for the sake of argument, it is apparent on the face of record that no prohibition is imposed in these Government orders upon theatre owners that they cannot reduce the rates of cinema tickets in the event that the GST tax rates are reduced by the Central Government.
29. It is incumbent upon the supplier of Goods and Services to pass on the benefit of Input Tax Credit to the recipient by way of commensurate reduction in prices as provided under Section 171 of the CGST Act, 2017. In the case in hand, the onus lies upon the Respondent, being the supplier

of the services, to reduce the ticket prices to pass on the benefit of tax reduction.

30. The Learned Counsel for the Respondent vehemently argued that Cinema owners do not issue any invoices and no goods are supplied to the viewers. Admittedly, the services are supplied by the Respondent to its viewers. The Respondent is duly registered with the GST department. It is an admission on the part of the Respondent that it is submitting regular returns to the GST Authority. Therefore, we do not find any substance in the argument advanced by the Learned Counsel for the Respondent.
31. One important aspect, which is surfaced from the perusal of the record and based upon the arguments forwarded on behalf of the Respondent, is that the Respondent did not challenge the methodology adopted by the DGAP for investigation and the calculation of the profiteering amount for the period 01.01.2019 to 30.06.2019. The Respondent has not disputed the report dated 26.02.2024 and the supplementary report dated 18.06.2024. Consequently, it must be inferred that the facts, figures, calculations, observations, and conclusions drawn by the DGAP stand uncontested.
32. Our view is supported by a decision given by the Hon'ble Division Bench of the Hon'ble Apex Court in *Thangam and Another Vs. Navamani Ammal* 2024(4) SCC 247, where no specific denial was made by the opposite party in their written statement against the averment made in plaint filed before the trial court observed that: -

“15. In the absence of para-wise reply to the plaint, it becomes a roving inquiry for the Court to find out as to which line in some paragraph in the plaint is either admitted or denied in the written

statement filed, as there is no specific admission or denial with reference to the allegation in different paras.

15.1. Order VIII Rules 3 and 5 CPC clearly provides for specific admission and denial of the pleadings in the plaint. A general or evasive denial is not treated as sufficient. Proviso to Order VIII Rule 5 CPC provides that even the admitted facts may not be treated to be admitted, still in its discretion the Court may require those facts to be proved. This is an exception to the general rule. General rule is that the facts admitted, are not required to be proved.

15.2. The requirement of Order VIII Rules 3 and 5 CPC are specific admission and denial of the pleadings in the plaint. The same would necessarily mean dealing with the allegations in the plaint para-wise. In the absence thereof, the respondent can always try to read one line from”

(Emphasis added)

33. The Hon'ble Apex Court in ***Lohia Properties (P) Ltd., Tinsukia, Dibrugarh, Assam Vs. Atmaram Kumar***⁸ (1993) 4 SCC 6 observed that: -

“13. What is stated in the above is, what amount to admit a fact on pleading while Rule 3 of Order 8 requires that the defendant must deal specifically with each allegation of fact of which he does not admit the truth.

14. Rule 5 provides that every allegation of fact in the plaint, if not denied in the written statement shall be taken to be admitted by the defendant. What this rule says is, that any allegation of fact must either be denied specifically or by a necessary implication or there

should be at least a statement that the fact is not admitted. If the plea is not taken in that manner, then the allegation shall be taken to be admitted.”

(Emphasis added)

34. This Tribunal in the matter of ***DGAP vs. Mallikarjuna Cinema Hall, 70MM Hyderabad (Case No. NAPA/3/PB/2025)*** observed that: -

*“28. The next two questions cast by us, are related in the sense that the Respondent has contended that the increase in price of the tickets was in line of the provision of Cinemas Act of the state of Telangana and then they charging of Rs. 3/- as non-taxable charge are also not absolving the Respondent from the violation of Section 171, CGST Act. **The Cinemas Act and the Government orders passed there on does not provide for non-passing of the reduction of GST rates to the consumers. The Cinemas Act, the Government orders and the judgment passed by the Hon’ble Telangana High Court, if read Page 20 of 34 together would only mean that the prices of ticket for admittance to Cinema Hall in the state of Telangana are monitored by a Committee which fixes the maximum price, beyond which a cinema owner cannot charge a person for admittance into a theatre to watch a cinematography film. However, the fixing of prices of a particular class, or any locality or particular show is the discretion of the theatre owners. As far as this discretion is concerned, it has not been tampered with or in any way restricted by the local law and***

Special law as mentioned above, except prescribing a higher limit. Moreover, Rs. 3/- additional charge of maintenance cost has to be included in the ticket as its Central law will take precedence and GST has to be calculated on this Rs. 3/- also. So, we do not find any substance in the contention raised by the Learned Counsel for the Respondent.”

(Emphasis Added)

35. In view of the foregoing observations, discussions and legal pronouncements, we arrived at the conclusion that the Respondent failed to discharge the onus under Section 171 of the CGST Act, 2017, to reduce the price of cinema tickets to pass on the benefit of tax rate reduction to end consumers, i.e. viewers. Thus, the Respondent has contravened Section 171 of the CGST Act, 2017.
36. The DGAP in its report has admitted that for the period of 01.01.2019 to 30.06.2019, the recipients of Goods and Services are not identifiable. Therefore, in view of the above, we conclude that the case of the Respondent is covered under Rule 133(3)(c) of the CGST Rules, 2017. As the provision for levy on penalty came into force on 01.01.2020 vide Notification No. 01/2020, no penalty can be levied upon the Respondent retrospectively for the period from 01.01.2019 to 30.06.2019.
37. Resultantly, the objections made by the Respondent are liable to be rejected.
38. Accordingly, the DGAP report dated 26.02.2024 and its supplementary Report dated 18.06.2024 deserve to be accepted.

ORDER

39. The DGAP report dated 26.02.2024 and its supplementary Report dated 18.06.2024 are hereby accepted.
40. The objections made by the Respondent against the DGAP reports are rejected.
41. 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 the Central Consumer Welfare Fund and remaining 50% of the profiteered amount, along with interest, shall be deposited in the Telangana State Consumer Welfare Fund, however, no penalty shall be leviable upon the Respondent.
42. Let a copy of the Judgement be communicated to concerned CGST/ SGST Commissionerate for record and necessary action, if any.
43. Judgement pronounced in open court today.

(Justice Mayank Kumar Jain)

Dated: 11.06.2026