GSTAT

Court No. Court II

NAPA/124/PB/2025

DGAP, DG ANTI PROFITEERING, DIRECTOR GENERAL OF ANTI-PROFITEERING	**.............Appellant**

Versus

ALANKAR CINEMA	**.............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. : ZA070010926000164H **Date of order :** 19/09/2026

1.	GSTIN/Temporary ID/UIN - 36AALFJ8177C1Z3	
2.	Appeal Case Reference no. - NAPA/124/PB/2025	Date - 27/01/2025
3.	Name of the appellant - DGAP , dgap.cbic@gov.in , 011-23741544	
4.	Name of the respondant - 1. Alankar Cinema , jaibhavanicine@gmail.com	
5.	Order appealed against -	
	(5.1) Order Type -	
	(5.2) Ref Number -	Date -

6.	Personal Hearing - 19/09/2026 07/09/2026 21/08/2026 31/07/2026 16/07/2026 13/05/2026 10/04/2026 09/03/2026 15/01/2026 16/12/2025 17/11/2025 13/10/2025
7.	Status of Order under Appeal - Confirmed – Order under Appeal is confirmed
8.	Order in brief - The DGAP report dated 29.03.2022 and its supplementary Report dated 23.01.2025 are hereby accepted.
Summary of Order	
9.	Type of order: Deposit in Consumer Welfare Fund/s

Judgment Reserved on 07.09.2026
Judgment pronounced on 19.09.2026
REPORTABLE

ORDER

JUSTICE MAYANK KUMAR JAIN, JUDICIAL MEMBER

1. The present proceedings arise from a complaint made by the Principal Commissioner, Hyderabad Commissionerate, GST Bhawan, LB Stadium Road, Basheer Bagh, Hyderabad 500004 (hereinafter referred to as **"the Applicant"**) under Rule 128 of the Central Goods and Services Tax Rules, 2017 (for short **"the CGST Rules, 2017"**) before the Standing Committee on Anti-Profiteering against M/s Alankar Cinema, 9-1-44 Langar House, Hyderabad- 500008 (hereinafter referred to as "**the Respondent**").

2. The Applicant has alleged that the Respondent has indulged in profiteering in contravention of the provisions of Section 171 of the 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 rates on cinema admission

tickets 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"**). It is alleged that the Respondent failed to commensurately reduce the prices of such tickets thereby denying the benefit of tax reduction from 18 % to 12% to the recipients.

3. The genesis of the present dispute lies in the reduction of the GST rate on "*Services by way of admission to exhibition of cinematograph films*" vide said Notification. Pursuant to this notification, the GST rate on cinema tickets priced at one hundred rupees or less were reduced from 18% to 12% with effect from 01.01.2019.

4. The Respondent operates a single-screen theatre in Hyderabad selling tickets in three categories, namely Balcony for Rs. 100/-, Second Class for Rs. 60/-, and Third Class for Rs. 30/-. After the said notification, it did not reduce its selling prices commensurately instead increased the base price and continued with the same selling price.

5. The complaint was examined by the Standing Committee on anti-profiteering and the same was forwarded to the Director General of Profiteering (hereinafter referred to as "**the DGAP**") under Rule 129(1) of the CGST Rules, 2017.

6. Upon receipt of the reference from the Standing Committee, the DGAP issued a Notice under Rule 129 of the CGST Rules, 2017 on 23.10.2019, calling upon the Respondent to provide the requisite documents and

information for the period from 01.01.2019 to 31.10.2019. Despite repeated reminders dated 06.11.2019, 18.12.2019, and 08.01.2020, and even summons dated 10.02.2020, the Respondent did not co-operate with the investigation and failed to provide the complete documents sought by the DGAP.

7. The Respondent filed Writ Petition No. 3458/2020 before the Hon'ble High Court for the State of Telangana, challenging the notice issued by the DGAP. The Hon'ble High Court for the State of Telangana, vide order dated 19.02.2020, granted an interim stay on the investigation proceedings. The DGAP filed an interim application for vacation of the stay. The Hon'ble High Court for the State of Telangana disposed of the said Writ Petition vide order dated 27.10.2021observing; -

> "As *agreed, to by learned Counsel for the parties, the present writ petition is also disposed of on similar lines by granting eight weeks' time to the petitioner to respond to the impugned notices dated 23.10.2019 & 08.01.2020 issued by the Respondent No. 2 (the DGAP).*"

8. Despite this direction, the Respondent continued to procrastinate and did not submit the complete documents. Further again, on multiple reminders were issued on 12.11.2021, 06.12.2021, 30.12.2021, 02.02.2022, 17.02.2022, and 09.03.2022, respectively, but the Respondent failed to provide the preferred documents. This consistent pattern of non-co-operation and obstruction

forced the DGAP to conclude the investigation based on the available records, which extended only up to 30.09.2019.

9. The DGAP submitted its Investigation Report dated 29.03.2022 under Rule 129(6) of the CGST Rules, 2017, to the National Anti-Profiteering Authority (for short **"the NAA"**) the erstwhile Authority.

10. In its report, the DGAP observed that there were three categories of admission tickets i.e. Rs. 30/-, Rs. 60/- & Rs. 100/- (inclusive of tax) sold by the Respondent during the pre-rate reduction period. In the post-rate reduction period effective from 01.01.2019, the price of admission tickets (inclusive of tax) in three categories were not reduced and cum tax price of aforesaid three categories remained same even after the rate reduction. Therefore, the benefit of rate-reduction was not passed on to the recipients. The Respondent increased the base price of tickets when the GST rates were reduced from 18% to 12%, to deny with the passing of the benefit to the recipients, in the following manner;

Sr. No.	Category of Admission ticket	**01.12.2018 to 31.12.2018**			**01.01.2019 to 30.09.2019**					Increase the base price (% approx.)
		Amount charged i.e. inclusive of tax (in Rs.)	GST Rate (%)	Price of Ticket i.e. Base Price (in Rs.)	Amount charged i.e. inclusive of tax (in Rs.)	GST Rate (%)	Price of Ticket 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/118%]**	**F**	**G**	**H**	**I**	**J=(I*112%)**	**K=((H/I*100)-100)**
1	Balcony	100	18	**84.75**	100	12%	**89.29**	84.75	**94.92**	**5.36**
2	Second Class	60	18	**50.85**	60	12%	**53.57**	50.85	**56.95**	**5.36**
3	Third Class	30	18	**25.42**	30	12%	**26.79**	25.42	**28.47**	**5.36**

11. On the basis of the above calculations, the DGAP observed that the profiteered amount at net higher sales realisation due to increase in the base price of cinema tickets. The details of such computation are tabulated as under: -

Sr. No	Turnover from 01.01.2019 to 30.09.2019 all three category of admission ticket	Profiteering in base price in all three category of admission ticket @ 5.36%	GST on profiteering @12%	Final Profiteering
A	B	C = B*5.36%	D=C*12%	E = C + D
1	**1,62,55,109/-**	**8,71,274/-**	**1,04,553**	**9,75,827/-**

12. It was concluded by the DGAP that the Respondent had contravened the provisions of Section 171(1) of the CGST Act, 2017. The amount of profiteering was computed to Rs. 9,75,827/-.

13. Tenure of the NAA ended on 30.11.2022. Thereafter, the Competition Commission of India (hereinafter referred as to "**the CCI**") was empowered to examine matters related to Anti-profiteering with effect from 01.12.2022 vide Notification No. 23/2022 - Central Tax dated 23.11.2022.

14. The CCI vide its Interim Order dated 15.07.2024, directed the DGAP for further investigation in the matter under Rule 133(4) of the CGST Rules, 2017 as the investigation was not conducted for the period of 01.10.2019 to 31.10.2019, though the DGAP sought the documents from the Respondent for the period from 01.01.2019 to 31.10.2019. The CCI observed: -

> *"The Authority observed that the report dated 29.03.2022 is incomplete as the DGAP issued notice under*

Rule 129 of the CGST Rules, 2017 to the Respondent to furnish all desired documents of the period from 01.01.2019 to 31.10.2019. However, the DGAP concluded profiteering of Rs. 9,75,827/- for the period from 01.01.2019 to 30.09.2019 without including profiteering of one month period i.e. October, 2019 in the period of investigation. Accordingly, the DGAP is directed to complete the investigation up till 31.10.2019 under Rule 133(4) of the above rules and submit a complete report."

15. Pursuant to the aforesaid directions, the DGAP conducted further investigation and submitted its complete investigation report dated 23.01.2025. The DGAP re-confirmed its earlier findings and computed the profiteering for the additional period from 01.10.2019 to 31.10.2019 as Rs. 43,453/-. Adding this to the earlier amount, the total profiteering for the entire period from 01.01.2019 to 31.10.2019 came to Rs. 10,19,280/- (Rupees Ten Lakh Nineteen Thousand Two Hundred Eighty Only). The DGAP concluded that the Respondent had contravened the provisions of Section 171(1) of the CGST Act by failing to pass on the benefit of the GST rate reduction to the recipients through commensurate reduction in prices.

16. The DGAP tabulated the profiteering made by the Respondent for the period from 01.10.2019 to 31.10.2019, as hereunder: -

		01.12.2018 to 31.12.2018			01.10.2019 to 31.10.2019							
1	2	3	4	5	6	7	8	9	10	11	12	13

Sr. No.	Category of Admission ticket	Amount charged i.e. inclusive of tax (in Rs.)	GST Rate (%)	Price of Ticket i.e. Base Price (in Rs.)	Amount charged i.e. inclusive of tax (in Rs.)	GST Rate (%)	Price of Ticket i.e. Base Price (in Rs.)	Commensurate Base Price (in Rs.)	Amount which was to be charged inclusive of tax (in Rs.)	Profiteering per ticket	Quantity Sold	Total profiteering including Tax
A	B	C	D	E=C/118 %	F	G	H=F/(1+ G/100)	I=E	J=I*112%	K=H-E	L	M=K*L
1	Balcony	100	18	84.75	100	12	89.29	84.75	94.92	4.54	4,565	23,211.86
2	2nd Class	60	18	50.85	60	12	53.57	50.85	56.95	2.72	3,368	10,275.25
3	3rd Class	30	18	25.42	30	12	26.79	25.42	28.47	1.36	6,533	9,965.59
												43,452.71

17. The Principal Bench of the GST Appellate Tribunal (for short **"the GSTAT"**), constituted under sub-section (3) of section 109 of the 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. Consequent upon the constitution of the GSTAT.

Proceedings before the GSTAT: -

18. A notice was issued to the Respondent calling upon their written submissions against the DGAP report dated 29.03.2022 and 23.01.2025 respectively.

Submissions on behalf of the Respondent: -

19. The Respondent filed their written submissions to justify their action to increase the prices of cinema tickets. It is averred that the State Government, through GO Ms No. 100, Home (General A) Department dated 26.04.2013, had fixed the rates of admission to cinema theatres. The said G.O. was challenged before the Hon'ble High Court for the State of Telangana in a

batch of Writ Petitions. The Hon'ble Court vide order dated31.10.2016 set aside the said GO and had permitted the theatre owners to run their theatres by collecting their proposed fares, subject to intimating the authorities and paying taxes proportionate to the proposed rates.

20. The Respondent had submitted applications/ representations to the state Government, Home Department whenever there was a hike in the ticket price and was, therefore, justified in maintaining the same prices. Since the Government had fixed the maximum price, it could not reduce the ticket prices, even after the GST rate reduction. By virtue of GOMs as well as the various orders passed by the Hon'ble High Court the Respondent increased the base price of the ticket with 12% GST with no change in the ticket price.

21. The Hon'ble High Court for the state of Telangana vide order dated 21.08.2019 passed in W.P. No. 18034 of 2019 permitted the petitioners to run the theatre by collecting their proposed fares.

22. The ticket amount includes the electricity charges, maintenance chares, security charges etc. the DGAP without bifurcating the same erroneously calculated the profiteered amount. The methodology and the calculations, adopted and made by the DGAP is contrary to the provisions of law.

23. The Respondent had not contravened the Section 171 of the CGST Act, 2017. The selling price of the tickets as sold by the Respondent are within permissible limit and fixed by the State Government and the Authorities.

24. The Respondent has paid GST at the rate of 12% on the consideration for "*Supply of services by way of admission to exhibition of cinematograph films*" throughout the relevant period. There has been no change in the rate of tax during the time span of the scheme. In the absence of any reduction in the rate of tax, the question of passing on the benefit of such reduction does not arise.

Clarification by the DGAP: -

25. The DGAP submitted its clarification against the submission made by the Respondent. it is averred that the Respondent has admitted that even after reduction of the GST rate from 18% to 12%, the ticket prices were maintained by them from 01.01.2019.

26. Heard Shri Praveen Kumar, Additional Assistant Director/Authorised Representative for the Applicant and Shri Hitendra Nath Rath, Learned counsel on behalf of the Respondent.

Oral Submissions on Behalf of The Parties: -

27. The learned authorised representative of the DGAP submitted that the State Government only fixes the maximum price at which movie tickets can be sold. The cinema management is free to sell tickets at a lower price, especially in the event of a reduction in taxes. The anti-profiteering provisions do not prescribe a reduction of price per se, but only require that the benefit of the reduction in tax must be passed on. There is no conflict with State Government directives. In the event of a reduction in the rate of

tax, there must be a commensurate reduction in the prices of goods and services.

28. It was further submitted that while the licensing authority fixes the maximum permissible rates, the onus under Section 171 of the CGST Act, 2017 lies upon the supplier, i.e. to the Respondent, to reduce the ticket prices to pass on the benefit of the tax rate reduction, which is a statutory obligation.

29. The DGAP placed reliance on the judgment of the Hon'ble High Court for the state of Telangana in ***M/s Sudarshan Theatre 35MM Vs. UOI (WP No. 4760 of 2021)***, wherein the Court held that Section 171(1) has to be strictly adhered to and no exceptions are carved out, and that the tax reduction must immediately result in a commensurate price reduction to benefit the consumer.

30. Reliance is placed on a Judgement passed by co-ordinate bench of this Tribunal in ***DGAP Vs. Mallikarjuna Cinema Hall, 70 MM Hyderabad (Case No. NAPA/3/PB/2025)***, where it was held that the Cinemas Act and High Court orders do not provide an exemption from passing on the benefit of tax reductions, and that the fixing of prices is only a regulatory mechanism, with the discretion to reduce prices resting with the cinema owners.

31. Furthermore, reliance was placed on the judgment of the Hon'ble High Court of Delhi in ***Reckitt Benckiser India Pvt. Ltd. Vs. Union of India (2024 SCC***

Online Del 588), which held that the supplier is required to pass on the benefit of reduced tax to the consumer, and the inherent presumption that there must necessarily be a reduction in prices is a rebuttable presumption.

32. It is further submitted that the Respondent has clearly contravened the provisions of Section 171(1) of the CGST Act, 2017. The evidence on record, as analysed by the DGAP, unequivocally demonstrates that the Respondent did not reduce the final cum-tax selling price of the tickets after the GST rate reduction from 18% to 12% w.e.f. 01.01.2019, but instead increased the base price to absorb the benefit of the tax reduction, thereby maintaining the same price. This resulted in a clear case of profiteering, as the benefit of the tax reduction was not passed on to the ultimate consumers.

33. Per contra, learned Counsel for the Respondent submitted that: -

(i) Pursuant to the order dated 31.10.2019 passed by the Hon'ble High Court for the state of Telangana in W.P. No. 19046 of 2024, the Respondent on time-to-time basis submitted the application to the competent Authority whenever there was a hike in ticket prices but the authorities kept the representation abeyance and no action was taken. A batch of writ petitions was filed before the State of Telangana and an interim order was granted to the petitioners.

(ii) The Respondent has increased the base price of the tickets under the intimation to the authority from time to time according to the orders passed by the State of Telangana.

(iii) Cinema owners do not issue any invoices and no goods are supplied to the viewers

(iv) The Respondent has not contravened any provision of Section 171 of the CGST Act, 2017.

Observations and Conclusions: -

34. We have carefully considered the submissions of parties, the material available on record and the judicial precedents relied upon by the Applicant.

35. 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 is one hundred rupees or less from 18% to 12% w.e.f. 01.01.2019 vide Notification No. 27/2018-Central Tax (Rate) dated 31.12.2018.

36. 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".

37. 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.

38. The Hon'ble High Court for the State of Telangana at Hyderabad in WP No. 4760 of 2021 and 5351 of 2021, ***Sudarshan Theatre v. Union of India (2024) 20 Centax 303 (Telangana)***, 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:

> *"**17.** 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. A reading of Sections 171 & 172 of the G.S.T. Act does not show any exception carved out in the event non-reduction in the price of the tickets, nor is the authority empowered to relax the conditions so enumerated under Section 171 (1). This, in other*

words, also mean that the provision of Sections 171 (1) has to be strictly adhered to.."

(Emphasis added)

39. In the present matter, the period under investigation is from 01.01.2019 to 31.10.2019.

40. 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, the Respondent has brought on record GO Ms No. 100 dated 26.04.2013, the order of the Hon'ble High Court dated 31.10.2016, and the interim orders dated 12.06.2019 and 02.08.2019. However, perusal of the aforesaid orders does not substantiate the Respondent's argument that it was prohibited from reducing the ticket prices after the GST rate reduction.

41. In their written submissions, the Respondent averred that the State Government, through GO Ms No. 100, Home (General A) Department dated 26.04.2013, had fixed the rates of admission to cinema theatres. Subsequently, the State of Telangana, in a batch of Writ Petitions, set aside the said GO and permitted the theatre owners to collect their proposed fares, subject to intimating the authorities and paying taxes proportionate to the proposed rates. The Respondent further averred that it had intimated the proposed ticket rates to the authorities from time to time and was therefore justified in maintaining the same prices.

42. 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.

43. 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 and the order passed by the Hon'ble High Court filed and relied upon by the learned Counsel for the Respondent are concerned, it is notable that firstly these orders pertain to the years **2013, 2016, and 2019** 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 when the GST tax rates are reduced by the Central Government.

44. In the totality of the facts and circumstances of the matter we feel that the defence of the Respondent that the ticket prices were fixed by the Government is devoid of merit, as the State Government only fixes the maximum price and the Respondent was free to reduce the prices to pass on the benefit of the tax reduction. The Respondent's action of increasing the base price was a conscious decision for unjust enrichment itself.

45. The co-ordinate bench of this Tribunal in ***Mallikarjuna Cinema Hall, 70MM Hyderabad (supra)*** observed:

(1) "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 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)

46. The learned Counsel for the Respondent has vehemently argued that Cinema owners do not issue any invoices and no goods are supplied to the viewers therefore question of profiteering does not arise.

47. Under the facts and circumstances of the case in hand, it is relevant that the Respondent operates a single-screen theatre in Hyderabad selling tickets in three categories, namely Balcony for Rs. 100/-, Second Class for Rs. 60/-, and Third Class for Rs. 30/-.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.

48. 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. Therefore, we do not find any substance in the aforesaid argument advanced by the Learned Counsel for the Respondent.

49. 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 31.10.2019. The Respondent has not disputed the report dated 29.03.2022 and the supplementary report dated 23.01.2025. Consequently, it must be inferred that the facts, figures, calculations, observations, and conclusions drawn by the DGAP stand uncontested.

50. We take strength of a decision given by the Hon'ble Apex Court in ***Thangam v. 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, it is observed:

> *(1) "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.

(2) 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.

(3) 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)

51. The Hon'ble Apex Court in ***Lohia Properties (P.) Ltd. v. Atmaram Kumar (1993) 4 SCC 6***observed: -

"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)

52. It is important to be noted here that the Respondent has admitted that he ***increased the base price*** of the cinema tickets with 12% GST with no change in the cum selling price. In our view, it is clear admission on the part of the Respondent, even though, it is averred that the Respondent on the basis of the application/intimations, submitted on time to time to the State Government, Home department and other authorities, it has increased the base price of the tickets. As discussed above, the Respondent has not substantiated with any cogent evidence that under which order of the Hon'ble High Court for the state of Telangana, he was permitted to increase the base price of the ticket denying the benefit of reduction of rate of tax to the recipients. The admission made by the Respondent strengthen the calculations and computation of the profiteering amount made by the DGAP.

53. Insofar as the contention of the respondent that the ticket amount includes the electricity charges, maintenance chares, security charges etc. but the

DGAP did not bifurcated the same erroneously calculated the profiteered amount is concerned, the Hon'ble High Court of Delhi in ***Reckitt Benckiser (Supra)*** has laid down the jurisdiction of the Authority as;-

> "*117…………… accordingly, costing and market, related factors are irrelevant for NAA, as it only required to examine whether or not there is any reduction rate reduction rate tax or benefit of accruing input tax credit and if so, whether the same has been passed on by way of commensurate reduction of price. The NAA is not concerned with the price determined by a supplier for the supply of particular goods or services exclusive of the GST or input tax credit component.*"

54. We are of the view that the Respondent has failed to discharge rebuttable presumption under section 170(1) of CGST Act, 2017 by producing any cogent evidence to justify the increase in base price beyond its assertion that the Government had fixed the ticket prices. The Respondent's defence is therefore a mere pretence and a devise to circumvent the statutory implications of Section 171 of the CGST Act, 2017.

55. We are of the view that the conduct of the Respondent is contrary to the welfare objectives of the GST regime. The judicial pronouncements cited by the DGAP categorically establish that Section 171 of the CGST Act, 2017 must be strictly adhered to, and no exceptions are carved out for the cinema

industry. The supplier cannot use price regulations as a shield to avoid passing on the benefit of tax reductions.

56. 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.

57. The DGAP in its report has admitted that for the period of 01.01.2019 to 31.10.2019, 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 31.10.2019.

58. Resultantly, the objections made by the Respondent are liable to be rejected.

59. Accordingly, the DGAP report dated 29.03.2022 and its supplementary Report dated 23.01.2025 deserve to be accepted.

60. We appreciate the invaluable assistance rendered by our law researcher Ms. Tanya Saraswat and our Court Officer Ms. Roopa.

ORDER

61. The DGAP report dated 29.03.2022 and its supplementary Report dated 23.01.2025 are hereby accepted.

62. The objections made by the Respondent against the DGAP reports are rejected.

63. The Respondent is directed to deposit the profiteered amount of Rs. 10,19,280/- along with the interest @ 18% from 28.06.2019 to 31.10.2019, 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.

64. Let a copy of the Judgement be communicated to concerned CGST/SGST Commissionerate for record and necessary action at their end.

65. Judgement pronounced in open Court today.

66. The Judgement and Order be uploaded on the official portal of GSTAT by today itself.

Digitally signed by MAYANK KUMAR JAIN
Date:19-09-2026 12:41:53 PM

(Justice Mayank Kumar Jain)

Dated: 19.09.2026