GSTAT

Single Bench Court No. Court IV

NAPA/23/PB/2025

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

Versus

ASR CINEMA LLP **.....Respondent**

Counsel for Appellant **Counsel for Respondent**

Hon'ble Sh. A. Venu Prasad, Member (Technical)

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. : ZA070010526000126H **Date of order :** 27/05/2026

1.	GSTIN/Temporary ID/UIN - 36ABGFA7779K1ZS	
2.	Appeal Case Reference no. - NAPA/23/PB/2025	Date - 02/05/2024
3.	Name of the appellant - DGAP , dgap.cbic@gov.in , 011-23741544	
4.	Name of the respondant - 1. ASR Cinema LLP , NA	
5.	Order appealed against -	
	(5.1) Order Type -	
	(5.2) Ref Number -	Date -

6.	Personal Hearing - 27/05/2026 14/05/2026 30/04/2026 24/04/2026 17/04/2026 19/03/2026 05/02/2026 14/01/2026 03/12/2025 15/10/2025 17/09/2025
7.	Status of Order under Appeal - Confirmed – Order under Appeal is confirmed
8.	Order in brief - The Respondent is directed to return the profiteered amount of Rs. 9,67,589/-. Since the recipients are not identifiable, the Respondent shall deposit the aforesaid amount 50% in the Central Consumer Welfare Fund, and 50% in the State Consumer Welfare Fund,Telangana. The Respondent shall also pay interest @18% per annum on the total profiteered amount, from the 28.06.2019.
Summary of Order	
9.	Type of order : Deposit in Consumer Welfare Fund/s

Place :DELHI PB

Date : 27.05.2026

ORDER

1. Cinema has long been recognised as one of the most influential forms of mass entertainment and public communication in India. Exhibition of cinematograph films through cinema theatres involves direct interaction with large sections of the public on a daily basis and, therefore, pricing of cinema admission tickets carries significant consumer relevance. With the expansion of multiplexes and modern exhibition platforms, the cinema industry has emerged as an important commercial sector within the service economy.
2. Cinema exhibition regulation falls within the State regulatory domain relating to public entertainment, theatres, and licensing. Hence, States regulate ticket pricing, whereas levy of GST on cinema admission tickets is governed by the Central Goods and Services Tax Act, 2017.
3. The Telangana Cinema (Regulation) Act, 1955 empowers the State Government and licensing authorities to regulate cinema theatres, licensing conditions, and admission/ ticket

rates. Section 9A prohibits sale of ticket above approved rates and black marketing.

4. The present proceedings arise from a complaint made by the Principal Commissioner, Hyderabad Commissionerate, GST Bhawan, LB Stadium Road, Basheerbagh, 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"), alleging that M/s ASR Cinemas LLP (hereinafter referred to as "the Respondent") has indulged in profiteering in contravention of Section 171 of the Central Goods and Services Tax Act, 2017 (for short "the CGST Act, 2017"), inasmuch as it failed to pass on the benefit of reduction in GST rate 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, thereby not effecting commensurate reduction in prices to the recipients.

5. The complaint was examined by the Standing Committee on Anti-profiteering, which, being satisfied that a prima facie case existed, referred the matter to the Director General of Anti-Profiteering (hereinafter referred to as "the DGAP") under Rule 129(1) of the CGST Rules, 2017.

6. The investigation was set into motion by the DGAP. A notice dated 23.10.2019 was issued to the Respondent calling upon it to show cause whether the benefit of the GST rate reduction on Cinema admission 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 cinematograph films supplied by it.

7. Upon completion of the investigation, the DGAP submitted its report under Rule 129(6) of the CGST Rules, 2017 dated 30.04.2024 before Competition Commission of India (hereinafter referred to as "the CCI'), the erstwhile Authority. The said report contained, inter alia, the following observations and conclusions:

    7.1. The Respondent is engaged in the business of providing services by way of

admission to exhibition of cinematograph films. The DGAP conducted investigation for the period from 01.01.2019 to 30.09.2019.

7.2. The DGAP observed that the GST rate applicable on admission tickets priced at Rs.100/- or less was reduced from 18% to 12% w.e.f. 01.01.2019. However, the Respondent did not reduce the prices of admission tickets commensurately.

7.3. It has been reported that the Respondent, instead of passing on the benefit of tax reduction, increased the base prices of admission tickets, thereby maintaining the same cum-tax selling price.

7.4. Due to non-furnishing of requisite documents and information by the Respondent despite repeated opportunities, the DGAP conducted the investigation on the basis of available statutory returns, namely GSTR-1 and GSTR-3B.

Table- A

S. No.	Category of Admission ticket	01.12.2018 to 31.12.2018			01.01.2019 to 30.09.2019					Increase in the base price (% approx.)
		Amount charged i.e. inclusive of tax	GST Rate (%)	Base price of tickets	Amount charged i.e. inclusive of tax	GST Rate (%)	Base price of Ticket	Commen-surate to base price	Amount which was to be charged (With GST)	
A	**B**	**C**	**D**	**E = [C/118%]**	**F**	**G**	**H**	**I**	**J = (I*112%)**	**K= (H/I*100) - 100**
1	Platinum (70mm)	100	18	**84.75**	100	12	**89.29**	84.75	**94.92**	**5.36**

2	Platinum (35 mm)	90	18	**76.27**	90	12	**80.36**	76.27	**85.42**	**5.36**
3	Gold Class (70 mm)	70	18	**59.32**	70	12	**62.50**	59.32	**66.44**	**5.36**
4	Silver class (70 mm) & Gold class (35 mm)	30	18	**25.42**	30	12	**26.79**	25.42	**28.47**	**5.39**
					Average of the increase in base prices					**5.37**

From the above Table-A, it is observed that although the GST rate was reduced from 18% to 12%, the Respondent increased the base prices of admission tickets across all categories, thereby maintaining the same cum-tax selling price and not passing on the benefit of tax reduction to the recipients.

8. Based on the above findings, the DGAP computed the profiteered amount as under:

S. 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 @5.37%**	**GST on profiteering @12%**	**Final profiteering**
A	B	C= B*5.37%	D= C*12%	E= C+ D
1	1,60,87,867/-	8,63,919/-	1,03,670/-	9,67,589/-

1.

From Table-B above, it is observed that the Respondent has profiteered to the extent of Rs.9,67,589/- by not passing on the benefit of reduction in GST rate to the recipients.

9. The DGAP has further reported that, due to non-submission of complete documents by the Respondent, the profiteered amount has been computed on the basis of available data, and the actual profiteering may be higher.

10. The Report was received by the Authority and notice was issued to the Respondent

directing it to file written submissions. However, the Respondent failed to file any reply and did not appear despite repeated opportunities.

11. Hearings in the matter were held on 03.12.2025, 05.02.2026, 19.03.2026, 30.04.2026 and 14.05.2026. Shri Rahul Rao Gautam, AAD, and Shri Ravi Passi, Inspector appeared for the Directorate General of Anti- Profiteering. None appeared for the Respondent.

Observations and issues for determination:

12. It is observed from the record that despite repeated notices issued to the Respondent through various modes, including email, speed post and through the jurisdictional Commissionerate, and despite confirmed service thereof, the Respondent has neither appeared before this Authority nor filed any written submissions. The continued non-appearance of the Respondent indicates unwillingness to contest the present proceedings. Accordingly, the matter is being adjudicated ex parte on the basis of material available on record.

13. The Central Government, on the recommendation of the GST Council, reduced the GST rate applicable on services by way of admission to exhibition of cinematograph films where the price of admission tickets was Rs.100/- or less, from 18% to 12% w.e.f. 01.01.2019 vide Notification No. 27/2018-Central Tax (Rate) dated 31.12.2018.

14. Section 171 of the CGST Act, 2017 reads as under:

Section 171 Antiprofiteering 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".*

15. The provisions contained in Section 171 of the CGST Act mandate that any reduction in the rate of tax on any supply of goods or services, or the benefit of Input Tax Credit, should be passed on to the consumer by way of commensurate reduction in prices.

16. The current period of investigation was from 01.01.2019 to 30.09.2019.

17. The following points arise for determination to adjudicate the matter in issue:

(i) Whether the Respondent, M/s ASR Cinemas LLP, has failed to pass on the benefit of reduction in the GST rate on cinema admission tickets from 18% to 12% w.e.f. 01.01.2019, to the recipients by way of commensurate reduction in prices, in terms of Section 171(1) of the CGST Act, 2017?

(ii) Whether the increase in the base price of cinema tickets by the Respondent pursuant to the order dated 08.02.2019 passed by the Hon'ble High Court of Telangana in ***W.P. No. 2482 of 2019*** can justify non-passing of the benefit of reduction in GST rate under Section 171 of the CGST Act, 2017?

(iii) Whether the methodology adopted for computation of profiteering by the DGAP for the period 01.01.2019 to 30.09.2019, amounting to Rs.9,67,589/- (inclusive of GST @ 12%), is correct and liable to be accepted?

(iv) Whether, in view of the repeated non-appearance of the Respondent despite due service of notices, the matter is liable to be adjudicated ex parte on the basis of material available on record?

(v) Whether the Respondent is liable to deposit the profiteered amount along with

interest in terms of Rule 133(3)(b) of the CGST Rules, 2017?

(vi) Whether the Respondent is liable for imposition of penalty under Section 171(3A) of the CGST Act, 2017?

Determination of Profiteering and Passing on of Benefit:

18. Points for determination no. (i) and (ii) are interrelated and arise out of the same set of facts, and hence are being dealt with and disposed of together.

19. The Central Government, on the recommendation of the GST Council, reduced the rate of GST applicable on cinema admission tickets from 18% to 12% w.e.f. 01.01.2019. Section 171(1) of the CGST Act, 2017 mandates that:

"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."

20. Thus, the Respondent was under a statutory obligation to pass on the benefit of such reduction to the consumers. From the DGAP report, it is evident that the Respondent, instead of reducing the prices commensurately, increased the base price of cinema tickets post rate reduction. As a result, the benefit arising out of reduction in GST rate was not passed on to the recipients, and the effective price payable by consumers remained the same or increased.

21. It is further relevant to note that the Hon'ble High Court of Telangana, while disposing of a batch of writ petitions vide order dated 31.10.2016, had permitted the theatres to run by collecting their proposed fares; however, such liberty was not unconditional. The Hon'ble Court specifically directed that the petitioners shall inform the concerned authorities regarding the ticket rates proposed to be collected and comply with the regulatory framework governing such fixation. The relevant portion reads as under:

"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. 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."

22. 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"

23. Furthermore, the Hon'ble High Court, Telangana disposed of the ***W.P. No. 2482/2019,*** of which the Respondent was also a party vide order dated 08.02.2019. The order passed by Hon'ble Court is reproduced here:

"*ORAL ORDER:*

1. 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."*

24. Even assuming that the Respondent was permitted to collect proposed fares under the directions of the Hon'ble High Court, such permission was conditional and cannot override the statutory mandate under Section 171 of the CGST Act, 2017. The liberty granted cannot be construed as an absolute or unfettered right. This position also stands affirmed by the Hon'ble High Court of Telangana in ***Sudarshan Theatre 35MM v. Union of India W.P. No. 4760 and 5351 of 2021***, wherein it has been held that reduction in GST rate is required to be passed on to consumers by way of commensurate reduction in prices and that the State regulatory framework governing ticket pricing does not dilute such obligation. The relevant portion is as under:

"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."

25. Furthermore no material has been placed on record to demonstrate that the Respondent had complied with such conditions. More importantly, such permission, even if assumed, cannot override the statutory mandate under Section 171 of the CGST Act, 2017, which requires passing on the benefit of reduction in tax rate to the consumers.

Adjudication of Point for Determination No. (iii)

26. With regard to the levy of GST on the profiteered amount, it is observed that the DGAP has computed the base profiteered amount at Rs.8,63,919/-, and thereafter added GST @12% amounting to Rs.1,03,670/-, thereby arriving at a total profiteered amount of Rs.9,67,589/-.

27. The computation of profiteering has been carried out on the basis of the increase in base price, which is exclusive of GST. However, the consideration collected by the Respondent from the recipients is inclusive of GST component. Accordingly, the excess amount realized by the Respondent inherently includes the GST component.

28. Therefore, the profiteered amount is required to be returned along with the corresponding GST component, as the Respondent has collected GST on the additional realization, which was not legally due.

29. In this regard, reliance is placed on the judgment of the Hon'ble Delhi High Court in ***Reckitt Benckiser India Pvt. Ltd. v. Union of India [W.P. (C) 7743/2019]***, wherein it has been held that GST collected on the additional realization forms part of the profiteered amount and is liable to be returned to the recipients. The relevant extract is reproduced below for the sake of brevity:

157. Both the Central as well as the State Government had no intent of collecting

additional Goods and Services Tax on the higher price as they had sacrificed their revenue in favour of the buyer. By compelling the buyers to pay the additional Goods and Services Tax on a higher price, the supplier has not only defeated the intent of the Governments but has also acted against the interest of the consumer

and therefore, the Goods and Services Tax collected by him on the additional realization has rightly been included in the profiteered amount.

Adjudication of Point for Determination No. (v)

30. Order XVII Rule 2 of the Code of Civil Procedure, 1908 provides that:

if, on any day to which the hearing of the suit is adjourned, the parties or any of them fail to appear, the Court may proceed to dispose of the suit in one of the modes directed in that behalf by Order IX or make such other order as it thinks fit."

31. Further, Order IX Rule 6 of the Code of Civil Procedure, 1908 provides that:

where the plaintiff appears and the defendant does not appear when the suit is called on for hearing, then

(a) when summons duly served—if it is proved that the summons was duly served, the Court may make an order that the suit shall be heard ex parte."

32. A copy of the DGAP Report was furnished to the Respondent in terms of Rule 133(2A) of the CGST Rules, 2017, thereby granting an opportunity to file submissions, if any, against the findings recorded therein. It is, however, observed that despite such opportunity, no response or written submissions were received from the Respondent.

33. The Respondent was thereafter directed to appear before this Authority on multiple occasions. Notices were issued through various modes, including email, speed post, as well as through the jurisdictional Commissionerate, to ensure effective service. Further, in compliance with the principles of natural justice, an additional opportunity was granted and

the jurisdictional Commissionerate was specifically directed to ensure service of notice and submit an action taken report. However, despite confirmed service and repeated opportunities, the Respondent failed to appear before this Authority or file any submissions.

34. It is also observed that during the course of investigation, the Respondent did not furnish complete and requisite information as called for by the DGAP, and therefore, the determination of profiteering was carried out on the basis of available data, including sample invoices and statutory returns. The findings recorded by the DGAP have thus remained unrebutted in the absence of any material being placed on record by the Respondent.

35. It is further observed from the record that the jurisdictional Commissionerate was repeatedly directed by this Tribunal vide orders dated 03.12.2025, 14.01.2026, 19.03.2026 and 17.04.2026 to ensure due service of notices upon the Respondent and to submit compliance/action taken reports in that regard. Pursuant thereto, on 24.04.2026, Shri Raj Kumar, Assistant Commissioner, Charminar Division, Hyderabad, appeared before this Tribunal and submitted that the notices had been duly served upon the Respondent. It was further submitted that acknowledgment dated 13.02.2026 had been received from the Partner of the Respondent Company and the same had also been forwarded via e-mail to the Office of the GSTAT. The relevant observations recorded in the order dated 24.04.2026 are reproduced below:

> *"In terms of the last order dated 17.04.2026, the Jurisdictional Commissionerate was directed to ensure service of notice upon the Respondent within seven days and to submit an action taken report. In response, Shri Raj Kumar, Assistant Commissioner, submitted that the notice had been duly served upon the Respondent. Shri Raj Kumar further submitted that an acknowledgment, vide letter dated 13.02.2026, had been received from the Partner of the Respondent Company, and the same has been forwarded via email to the Office of the GSTAT.*

Despite repeated notices, the Respondent has failed to appear for the hearing today, indicating a lack of interest in pursuing the matter."

36. In view of the aforesaid facts and the continued non-appearance of the Respondent despite due service of notices and repeated opportunities, this Authority is satisfied that adequate opportunity of hearing has been afforded and that the principles of natural justice stand duly complied with. Accordingly, the present proceedings are being adjudicated ex parte on the basis of material available on record.

Interest

37. With regard to the issue of interest, reference may be made to Rule 133(3)(c) of the CGST Rules, 2017, which provides for return of the profiteered amount along with interest at the rate of 18% per annum from the date of collection of the higher amount till the date of its actual return. The relevant provision reads as under:

"(3) Where the Authority determines that a registered person has not passed on the benefit of the reduction in the rate of tax on the supply of goods or services or the benefit of input tax credit to the recipient by way of commensurate reduction in prices, the Authority may order-

(c) the deposit of an amount equivalent to fifty per cent of the amount determined under the above clause [along with interest at the rate of eighteen per cent from the date of collection of the higher amount till the date of deposit of such amount] in the Fund constituted under section 57 and the remaining fifty per cent of the amount in the Fund constituted under section 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;"

38. It is observed that the provisions relating to levy of interest under Rule 133(3)(c) of the CGST Rules, 2017 were inserted vide Notification No. 31/2019-Central Tax dated

28.06.2019 and came into effect from the same date. Accordingly, levy of interest under the said provision can operate only prospectively from 28.06.2019 and not for the period prior thereto.

39. In this regard, reliance may be placed on the decision of the co-ordinate Bench of this Tribunal in ***DGAP v. Proctor & Gamble Group, (2025) 35 Centax 77 (Tri.-GST-Delhi)***, wherein it was 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 fall 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."*

40. In the present case, the period of profiteering is from 01.01.2019 to 30.09.2019. Therefore, the Respondent shall be liable to pay interest under Rule 133(3)(c) of the CGST Rules, 2017 only with effect from 28.06.2019 till the date of actual refund/deposit of the profiteered amount.

41. Interest in such matters is compensatory in character and is intended to restitute the monetary benefit retained by the supplier during the period for which the recipients were deprived of the same. Accordingly, the Respondent is liable to pay interest at the rate of 18% per annum on the profiteered amount from 28.06.2019 till the date of actual refund/deposit.

Penalty

42. Insofar as the issue relating to imposition of penalty under Section 171(3A) of the CGST

Act, 2017 is concerned, it is observed that the provisions relating to penalty under the said Section were incorporated and brought into force w.e.f. 01.01.2020. In the present case, the period of investigation and alleged profiteering pertains to the period from 01.01.2019 to 30.09.2019, i.e., prior to the enforcement of Section 171(3A) of the CGST Act, 2017.

43. It is a settled principle of law that penal provisions, unless specifically made retrospective by the legislature, operate prospectively. Since the alleged contravention in the present matter pertains to a period prior to introduction of the penal provision under Section 171(3A), the said provision cannot be invoked retrospectively against the Respondent.

44. Accordingly, although this Authority has arrived at a finding that the Respondent has indulged in profiteering in contravention of Section 171 of the CGST Act, 2017 by not passing on the benefit of reduction in GST rate to the recipients, penalty under Section 171(3A) of the CGST Act, 2017 is not leviable in the facts and circumstances of the present case.

Conclusion

45. I have carefully examined the DGAP Report, the material available on record, and the facts of the present case. It is established that the GST rate on the impugned services was reduced from 18% to 12% w.e.f. 01.01.2019; however, the Respondent has not passed on the benefit of such reduction to the recipients and has, instead, increased the base prices so as to maintain the same cum-tax price, thereby defeating the statutory mandate of Section 171 of the CGST Act, 2017 and indulging in profiteering. Accordingly, the profiteered amount is determined at Rs.9,67,589/- (Rupees Nine Lakh Sixty Seven Thousand Five Hundred Eighty Nine only), comprising a base profiteering of Rs.8,63,919/- and GST thereon amounting to Rs.1,03,670/-.

46. In view of the above findings, the following directions are issued:

i. The Respondent is directed to return the profiteered amount of Rs. 9,67,589/-.`

ii. Since the recipients are not identifiable, the Respondent shall deposit the aforesaid amount 50% in the Central Consumer Welfare Fund, and 50% in the State Consumer Welfare Fund,Telangana.

iii. The Respondent shall also pay interest @18% per annum on the total profiteered amount, from the 28.06.2019.

iv. The above amount along with interest shall be deposited within 60 days from the date of this Order.

v. The jurisdictional CGST/SGST Commissioner shall ensure compliance of this Order and submit a compliance report within three months.

vi. A copy of this Order be forwarded to the Respondent, the Applicant, the DGAP, and the jurisdictional Commissioner(s) (CGST/ SGST) for necessary action.

vii. The matter stands disposed of accordingly.

viii. The Order is pronounced in the open Court.

(Sh. A. Venu Prasad)

Dated: 27.05.2026