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IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON: 07-10-2026

DELIVERED ON:16-10-2026

CORAM

THE HON'BLE MR.JUSTICE P.B. BALAJI

C.S(COMM DIV) No. 92 of 2023

CNR: {HCMA010671142023}

Case QR

M/s SPM Arts LLP
Rep.by its Partner Sanjay Laalwani, having its office at No.13, Clemens Road, Purasawalkam, Chennai 600 007.

..Plaintiff

Vs

1. M/s.Shri Abishek Pictures and 3 others
   Rep.by its Partner Abishek Venkat Nama, having his office at Unit No.202, 2nd Floor, Sagacity Heights, Kavuri Hills, Madhapur, Hyderabad 81.
2. Abhishek Venkat Nama
   Partner M/s.Shri Abishek Pictures, having his office at Unit No.202, 2nd Floor, Sagacity Heights, Kavuri Hills, Madhapur, Hyderabad 81.

3. The Assistant Commissioner (st)
   Kilpauk Assessment Circle, No.F.50, 3rd floor, 1st avenue, Anna nagar, Chennai-104

4. Deputy Commissioner(gst Appeal)
   Chennai-I, Chennai-06(Defendants 3 and 4 are impleaded as per order dated 26.04.2024 in A.No.1198/2024)

..Defendants

Plaint filed under Order IV Rule 1 of O.S.Rules read with Order VII Rule

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1 of CPC and 1st Proviso of Section 7 of Commercial Courts Act, 2015.

For Petitioner(s): Mr.R.Sivaraman

For Respondent(s): D1 And D2 Set Exparte On 06.07.2023
Mr.I.Dinesh
AGP
For D.3 and D.4

JUDGMENT

The suit has been filed directing the defendants, jointly and severally liable to pay the plaintiff for a sum of Rs.1,22,66,092/-(Rupees One Crore Twenty Two Lakhs Sixty Six Thousand ninety two only) together with interest at the rate of 24% interest per annum from the date of the plaint till the date of realisation.

2. The case of the plaintiffs in brief is as follows:-

The plaintiff is a limited liability partnership firm registered under the Partnership Act, having its Office at Chennai. The first defendant is represented by its partner, having office at Kavuri Hills, Madhapur, Hyderabad-81. The second defendant is a partner of the first defendant firm. The third defendant is the Assistant Commissioner (ST), Kilpauk Assessment Circle and the fourth defendant is the Deputy Commissioner (GST Appeal), Chennai-1, Chennai-06. In fact, the defendants 3 and 4 were impleaded pursuant to the order dated

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26.04.2023 in Application No.1198 of 2024 in C.S.No.92 of 2023.

3. The plaintiff has filed this suit for recovery of a sum of Rs.1,22,66,092/-(Rupees One Crore Twenty Two Lakhs Sixty Six Thousand ninety two only) together with interest at 24% p.a, being the alleged GST arrears due and payable under the provisions of Section 50(3) of the Central Goods and Tax Rules, 2017.

4. The plaintiff states that the first defendant produced a Telugu feature film titled "Saakshyam" which was released on 27.07.2018. The plaintiff, being in the business of purchasing and selling specific copyrights, including dubbing rights of feature films, was assigned the sole and exclusive dubbing copy rights of the film of "Saakshyam" under a Deed of Assignment dated 05.02.2018, with an exception to four South Indian languages alone viz., Tamil, Telugu, Kannada and Malayalam and with a right to dub the feature film in Hindi and all other Indian languages. Under the deed of assignment, the plaintiff and defendants 1 and 2 fixed a consideration of Rs.7,50,00,000/-(Rupees Seven Crores Fifty Lakhs Only), inclusive of GST and less TDS payable by the plaintiff, to the defendants.

5. According to the plaintiff, the defendants 1 and 2 have to bear the GST

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payable to the authorities and as and when payment of consideration was paid in part by the plaintiff to the defendants 1 and 2, the defendants owed a duty to pay GST to the statutory authorities.

6. According to the plaintiff, the plaintiff has paid the entire sale consideration of Rs.7,50,00,000/-(Rupees Seven Crores Fifty Lakhs Only) before the release of the said movie on 27.07.2018 and in terms of the assignment deed dated 05.02.2018, the assignment rights were also exploited by the plaintiff in a lawful manner. The plaintiff further contends that in June 2018, invoices were raised in favour of the plaintiff for Rs.3,12,50,000/-(Rupees Three Crores Twelve Lakhs Fifty Thousand Only) along with GST of Rs.37,50,000/-(Rupees Thirty Seven Lakhs Fifty Thousand Only), totalling in all Rs.3,50,00,000/-(Rupees Three Crores Fifty Lakhs Only). The plaintiff admits that the GST component of Rs.37,50,000/- was paid by the defendants themselves in the month of July 2018. According to the plaintiff, the defendants 1 and 2 also raised a tax invoice for Rs.3,57,14,286/- (Rupees Three Crores Fifty Seven Lakhs Fourteen Thousand Two Hundred Eighty Six Only) along with GST amount of Rs.42,84,714/-(Rupees Forty Two Lakhs Eighty Four Thousand Seven Hundred Fourteen Only), totalling in all Rs.4,00,00,000/-(Rupees Four Crores Only).

7. The complaint of the plaintiff is that the defendants 1 and 2 have failed

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to pay the GST payment of Rs.42,84,714/- to the tax authorities despite remittance of total consideration of Rs.4,00,00,000/-(Rupees Four Crores Only) by the plaintiff even in July 2018. The plaintiff also contends that the applicable TDS amount has been duly remitted by the plaintiff in compliance with the prevailing laws and rules.

8. It is the specific contention of the plaintiff that the plaintiff was under the belief that the defendants 1 and 2 would make payment of GST claim of 42,85,714/- (Rupees Forty Two Lakhs Eighty Five Thousand Seven Hundred Fourteen Only) and on coming to know that the same has not been paid, the plaintiff has been repeatedly following up the matter with the defendants 1 and 2 and demanding payment of GST claim of Rs.42,85,714/-.

9. In the mean time, the plaintiff received a show cause notice on 16.09.2022 from the GST authorities citing non-payment of GST. According to the plaintiff, the first defendant is alone liable to pay the said sum of Rs.42,85,714/- and the first defendant is equally liable to pay the accrued interest, including penal interest which may be levied by the statutory authorities. However, the plaintiff states that the Department is now proceeding against the plaintiff for the liability of the first defendant.

10. It is the further case of the plaintiff that under the Deed of Assignment

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dated 05.02.2018, specifically, the parties have agreed that the payment of GST is to be made only by the defendants 1 and 2. The plaintiff also states that as against the proceedings dated 01.12.2022 initiated by the Assistant Commissioner (ST), Killpauk Assessment Circle by proceedings dated 01.12.2022, slapping a demand of Rs.4,36,02,000/- (Rupees Four Crores Thirty Six Lakhs Two Thousand Only) towards GST arrears in respect of multiple transactions including transactions between the plaintiff and the defendants 1 and 2. The plaintiff has approached the appellate authority and has also paid 10% viz., Rs.43,60,200/-(Rupees Forty Three Lakhs Sixty Thousand Two Hundred Only). Hence the plaintiff has come forward with the present Commercial Suit for a money decree against the defendants 1 and 2 directing them to jointly and severally pay the plaintiff, Rs.1,22,66,092/-(Rupees One Crore Twenty Two Lakhs Sixty Six Thousand Ninety Two Only) together with interest at the rate of 24% per annum and also costs.

11. The defendants 1 and 2 have been set exparte on 06.07.2023. This Court, by order dated 30.07.2024 finding that the newly impleaded statutory authorities have also forfeited their right to file the written statement within the prescribed time lines, directed the plaintiff to lead evidence. This Court has framed the following issues on 14.07.2023:-

1. Whether the plaintiff had performed its part of contract in the payment of Rs.7,50,00,000/- to the

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defendants under the Deed of Assignment dated 05.02.2018?

2. Whether the defendants had raised invoices in favour of the plaintiff for the payments made by it?

3. Whether the defendants are liable to pay the GST in its entirety for the payments received from the plaintiff, under the Deed of Assignment dated 05.02.2018?

4. In view of the order dated 01.12.2022 passed by the GST authorities, are not the defendants liable to pay the GST amount together with interest and penal interest as levied, to the taxation authorities?

5. Is not the plaintiff entitled to claim the GST amount payable by the defendants, being the suit claim amount and as such, is not the suit to be decreed as prayed for with costs against the defendants?

12. In view of the defendants 1 and 2 being set exparte, there has been no occasion for any cross examination of P.W.1. Ex.P.1 is the Partnership Deed of the plaintiff LLP. Ex.P.1 evidences the fact that the plaintiff has been in the business of purchase and sale of copy right including dubbing rights of feature films. Ex.P.2 is the Deed of Assignment dated 05.02.2018 under which the defendants 1 and 2 have assigned sole and exclusive dubbing copy rights of the film " Saakshyam" to Hindi and other Indian languages except four southern

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languages viz., Tamil, Telugu, Kannada and Malayalam.

13. Ex.P.2 evidences the fact that consideration for assignment is Rs.7,50,00,000/-(Rupees Seven Crores Fifty Lakhs Only). By letter dated 26.07.2018, marked as Ex.P.4, the defendants 1 and 2 have informed the plaintiff that GST will be paid by the defendants 1 and 2 and therefore, believing the representation of the defendants 1 and 2 the plaintiff proceeded to pay the entire sale consideration of Rs.7,50,00,000/-(Rupees Seven Crores Fifty Lakhs Only) which is evidenced by ledger accounts, marked as Ex.P.5. Exs.P.6 and P.7 evidenced the fact that thought the defendants raised tax invoice along with GST amount, the defendants have failed to remit the GST component of Rs.42,85,714/-, despite receipt of entire consideration of Rs.7,50,00,000/-(Rupees Seven Crores Fifty Lakhs Only) even in July 2018.

14. Demanding payment of GST amount of Rs.42,85,714/-, the plaintiff has also sent an e-mail dated 15.03.2021, which has been marked as Ex.P.8. In the mean time, the plaintiff has been issued with a show cause notice dated 16.09.2022 by the GST authorities, claiming a principal demand of Rs.42,85,714/-, together with penal interest, totalling Rs.1,22,66,092/-(Rupes One Crore Twenty Two Lakhs Sixty Six Thousand Ninety Two Only). It is the specific case of the plaintiff that the plaintiff is not liable to meet the said demand of the GST authorities and the defendants 1 and 2 are liable to pay the

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same.

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15. Since the defendants 1 and 2 are operating from Andhra Pradesh which is beyond the jurisdiction of third respondent, proceedings have been taken against the plaintiff, which is evidenced by Ex.P.9. Admittedly, the plaintiff has challenged the demand and an appeal is pending before the appellate authority under Ex.P.10. The plaintiff has also paid 10% of the total demand, amounting to Rs.43,60,200/-(Rupees Forty Three Lakhs Sixty Thousand Two Hunded Only) which is evidenced by payment receipt dated 30.03.2023 under Ex.P.11.

16. Ex.P.12 is the whatsapp conversation between the petitioner and the defendants 1 and 2 in and by which the plaintiff has called upon the defendants 1 and 2 to pay the outstanding GST amount, as reflected in the GST portal. The said letter has been marked as Ex.P.13.

17. It is only at the stage of arguments of the suit that the defendants 3 and 4 have been impleaded as proper and necessary parties. However, the defendants 3 and 4, despite opportunities being given to file written statement, they did not avail of that opportunity.

18. In fact, this Court also permitted the defendants 3 and 4, if advised, to

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cross examine the plaintiff before the Additional Master while recording evidence even though they had forfeited their right to file a written statement, and such examination has also been completed on 07.08.2025.

19. From the evidence adduced on the side of the plaintiff and cross examination of P.W.1 by the defendants 3 and 4, it is clear that the plaintiff has been able to establish that the liability to pay GST amount is clearly on the shoulders of the defendants 1 and 2. However, under Section 16 (2) of Central Goods and Services Tax Act, 2017, it is open to the authorities to proceed against the plaintiff as well, to recover any GST arrears that may be payable by the defendants 1 and 2.

20. Admittedly, with regard to the recovery proceedings, a demand has been made and an appeal is also pending and therefore, it is open to the defendants 3 and 4 to work out their rights in the pending appeal and subject to the result of the same, proceed against the plaintiff, if any need arises.

21. However, at the same time, there is no impediment for the plaintiff to proceed against the defendants 1 and 2 for claiming a sum of Rs.1,22,66,092/- (Rupes One Crore Twenty Two Lakhs Sixty Six Thousand Ninety Two Only), together with interest at the rate of 24% p.a. from the defendants 1 and 2. The defendants 1 and 2 having received the entire sale consideration of

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Rs.7,50,00,000/-(Rupees Seven Crores Fifty Lakhs Only) and even in the terms of deed of assignment, have bound themselves to the GST component and the deed of assignment clearly evidences that the consideration of Rs.7,50,00,000/-(Rupees Seven Crores Fifty Lakhs Only) is inclusive of GST. When the plaintiff has already paid the sum of Rs.7,50,00,000/-(Rupees Seven Crores Fifty Lakhs Only), then, it is the burden of the defendants 1 and 2 to pay the applicable GST.

22. Unfortunately, the defendants 1 and 2 have committed default, which has resulted in proceedings being initiated against the plaintiff by the Department. The present suit, however, does not in any manner come in the way of the statutory authorities taking recourse under law and proceed against the plaintiff. The plaintiff, having paid the entire sale consideration, is entitled to seek a recovery of the suit claim which represents the GST arrears together with interest/penal interest.

23. Though in the plaint as well as in the proof affidavit, the relief sought for is a direction against the defendants in general, in view of the fact that the defendants 3 and 4 have been impleaded only at the stage of arguments, the decree can at best be passed against the defendants 1 and 2 alone and not against the defendants 3 and 4. In fact, after the defendants 3 and 4 were impleaded, the plaintiff ought to have amended the prayer column also and

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restricted the suit relief against the defendants 1 and 2 alone, which admittedly has not been done. However, I cannot close my eyes and grant a decree as prayed for in the facts and circumstances of the case.

24. In fine, the suit is decreed in part, directing the defendants 1 and 2, jointly and severally to pay the plaintiff a sum of Rs. Rs.1,22,66,092/-(Rupees One Crore Twenty Two Lakhs Sixty Six Thousand ninety two only), together with interest at the rate of 24% interest per annum from the date of plaint till the date of decree and thereafter at the rate of 6% from the date of decree till the date of realisation. The defendants 1 and 2 shall also meet the costs of the suit incurred by not only the plaintiff but also the defendants 3 and 4.

16-10-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

SR

To

The Section Officer,
Original Side (Records),
High Court, Chennai.

Witnesses examined on the side of the plaintiff:

P.W.1. - Sanjay Lalwani

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Exhibits produced on the side of the plaintiffs:

S.No.	Exhibits	Date	Description
1.	P-1	-	Photocopy of the Certificate of registration of the Plaintiff firm and partnership agreement
2.	P-2	05.02.2018	Original Deed of Assignment between M/s Shri Abishek Pictures and M/s SPM Arts LLP
3.	P-3	21.02.2018	Photocopy of the payment request letter sent by M/s Shri Abishek Pictures to M/s SPM Arts LLP
4	P-4	26.07.2018	Photocopy of payment request letter sent by M/s Shri Abishek Pictures to M/s SPM Arts LLP
4.	P-5	01.04.2017 to 31.03.2018	Photocopy of the Ledger Account of the defendants
5.	P-6	06.06.2018	Photocopy of Tax invoice raised by the defendants
6.	P-7	26.07.2018	Photocopy of Tax invoice raised by the defendants
7.	P-8	15.03.2021	Email sent from Sanjay Lalwani to Abishek Nama
8	P-9	01.12.2022	Photocopy of the Proceedings of the Assistant Commissioner (ST), Kilpauk Assessment Circle addressed to the plaintiff
9	P-10	10.03.2023	Photocopy of the Response letter by M/s SPM Arts LLP to the Assistant Commissioner (ST), Kilpauk Assessment circle to the proceedings
10	P-11	30.03.2023	Photocopy of GST payment Receipt

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11	P.12	-	Photocopy of Whatsapp conversation between Sanjay Lalwani and Abishek Nama
12	P-13	...	Paper cutting Poster of the Feature Film Ravanasur
13	P-14	02.04.2023	Photocopy of Letter sent from M/s SPM Arts LLP to M/s Shri Abishek pictures through GST portal with acknowledgement.

Witnesses examined on the side of the defendants

Nil.

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To

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P.B.BALAJI, J.

SR

Pre-Delivery Judgment in
C.S(COMM DIV) No. 92 of 2023

16-10-2026

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