IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

TUESDAY ,THE SEVENTH DAY OF NOVEMBER TWO THOUSAND AND TWENTY THREE

PRESENT

THE HON'BLE SRI JUSTICE P.SAM KOSHY
AND
THE HON'BLE SRI JUSTICE N.TUKARAMJI

I.T.T.A. Nos. 41, 311 of 2012, 455 of 2014 , 134, 135, 136, 412 of 2015, 564 of 2011 and 5 of 2022

I.T.T.A. NO. 41 OF 2012

(Income Tax Tribunal Appeal Under Section 260 - A of the Income Tax Act 1961 against the order of the Income Tax Appellate Tribunal, Hyderabad Bench ' B ', Hyderabad in ITA No. 155/H/2007 for assessment Year 2002-2003 dated 30-04-2010 preferred against the Order of the Commissioner of Income Tax (Appeals) – IV, Hyderabad in Appeal No. 0290/DC-3(1) / C.I.T (A) – IV / 2006-07 dated 30-11-2006 preferred against the Order of the Deputy Commissioner of Income Tax , Circle – 3 (1), Hyderabad dated 16-02-2005 in PAN/GIR No. AAFCS4916D/ S-122 .

Between:

M/s. Shriram Chits Private Limited Rep. by its Executive Director Sri K.Srinivas 3-5-909, Himayatnagar, Hyderabad 500 029 **...APPELLANT**

AND

Deputy Commissioner Of Income Tax, Circle 3(1) Room No. 611, 6th Floor, Aayakar Bhavan, Basheerbagh, Hyderabad-500 004 **...RESPONDENT**

Counsel for the Appellant : SRI SIVARAMAN/ SRI VEDULA SRINIVAS

Counsel for the Respondent: SRI J.V. PRASAD, SENIOR SC FOR I.T. Dept.,

I.T.T.A. NO. 311 OF 2012

(Income Tax Tribunal Appeal Under Section 260 – A of the Income Tax Act 1961 against the order of the Income Tax Appellate Tribunal, Hyderabad Bench ' B ', Hyderabad in ITA No. 154/H/2007 for assessment Year 2003-2004 dated 30-04-2010 preferred against the Order of the Commissioner of Income Tax (Appeals) – IV, Hyderabad in Appeal No. 0402 /DC-3(1) / C.I.T (A) - IV / 2006-07 dated 30-11-2006 preferred against the Order of the Deputy Commissioner of Income Tax , Circle – 3 (1), Hyderabad dated 30-12-2005 in PAN/GIR No. AAFCS4916D/ SH- 15 .

Between:

M/s. Shriram Chits Private Limited Rep. by its Executive Director Sri K.Srinivas 3-5-909, Himayatnagar, Hyderabad 500 029 **...APPELLANT**

AND

Deputy Commissioner Of Income Tax, Circle 3(1) Room No. 611, 6th Floor, Aayakar Bhavan, Basheerbagh, Hyderabad-500 004 **...RESPONDENT**

Counsel for the Appellant : SRI SIVARAMAN/ SRI VEDULA SRINIVAS

Counsel for the Respondent: SRI J.V. PRASAD, SENIOR SC FOR I.T. Dept.,

I.T.T.A. NO. 455 OF 2014

(Income Tax Tribunal Appeal Under Section 260 – A of the Income Tax Act 1961 against the order of the Income Tax Appellate Tribunal, Hyderabad Bench ' A ', Hyderabad in ITA No. 1142 /H/2013 for assessment Year 2010 -2011 dated 6-12-2013 preferred against the Order of the Commissioner of Income Tax (Appeals) – IV, Hyderabad in Appeal No. 208 DC-3 (1) C.I.T (A) IV / 12 -13 dated 10-05-2013 preferred against the Order of the Deputy Commissioner of Income Tax , Circle – 3 (1), Hyderabad dated 07-12-2012 in PAN GIR No. AAFCS4916D/ SH-15 .

Between:

M/s. Shriram Chits Private Limited Rep. by its Executive Director Sri K.Srinivas 3-5-909, Himayatnagar, Hyderabad 500 029 ...**APPELLANT**

AND

Deputy Commissioner Of Income Tax, Circle 3(1) Room No. 611, 6th Floor, Aayakar Bhavan, Basheerbagh, Hyderabad-500 004 ...**RESPONDENT**

Counsel for the Appellant : SRI SIVARAMAN / SRI VEDULA SRINIVAS

Counsel for the Respondent: SRI J.V. PRASAD, SENIOR SC FOR I.T. Dept.,

I.T.T.A. NO. 134 OF 2015

(Income Tax Tribunal Appeal Under Section 260 – A of the Income Tax Act 1961 against the order of the Income Tax Appellate Tribunal, Hyderabad Bench ' B ', Hyderabad in ITA No. 541 /H/2009 for assessment Year 2006 -2007 dated 30-04-2010 preferred against the Order of the Commissioner of Income Tax (Appeals) – IV, Hyderabad in Appeal No. 0159/ Addl. CIT-3/ CIT (A) dated 13-03-2009 preferred against the Order of the Additional Commissioner of Income Tax , Range – 3 (1), Hyderabad dated 29-09-2008 in PAN/GIR No. AAFCS4916D SH-15 .

Between:

M/s. Shriram Chits Private Limited Rep. by its Executive Director Sri R. Duruvasan 3-5-909, Himayatnagar, Hyderabad 500 029 ...**APPELLANT**

AND

Additional Commissioner Of Income Tax, Range 3, 7th Floor, IT.Towers, A.C. Guards, Hyderabad - 500 004 ...**RESPONDENT**

Counsel for the Appellant : SRI SIVARAMAN / SRI VEDULA SRINIVAS

Counsel for the Respondent: SRI J.V. PRASAD, SENIOR SC FOR I.T. Dept.,

I.T.T.A. NO. 135 OF 2015

(Income Tax Tribunal Appeal Under Section 260 – A of the Income Tax Act 1961 against the order of the Income Tax Appellate Tribunal, Hyderabad Bench 'B', Hyderabad in ITA No. 630/ H/2008 for assessment Year 2004 -2005 dated 30-04-2010 preferred against the Order of the Commissioner of Income Tax (Appeals) – IV, Hyderabad in Appeal No. 0499/ DC-3 (1) / CIT (A) –IV / 2006-07 dated 22-02-2008 preferred against the Order of the Deputy Commissioner of Income Tax , Circle -3 (1) Hyderabad dated 29-12-2006 in PAN/GIR No. AAFCS4916D/ SH-15 .

Between:

M/s. Shriram Chits Private Limited Rep. by its Executive Director Sri K. Srinivas 3-5-909, Himayatnagar, Hyderabad 500 029 ...**APPELLANT**

AND

Deputy Commissioner of Income Tax, Circle 3 (1), Room No. 61', 6th Floor, Aayakar Bhavan, Basheerbagh, Hyderabad ...RESPONDENT

Counsel for the Appellant : SRI SIVARAMAN/ SRI VEDULA SRINIVAS

Counsel for the Respondent: SRI J.V. PRASAD, SENIOR SC FOR I.T. Dept.,

I.T.T.A. NO. 136 OF 2015

(Income Tax Tribunal Appeal Under Section 260 – A of the Income Tax Act 1961 against the order of the Income Tax Appellate Tribunal, Hyderabad Bench 'B', Hyderabad in ITA No. 927 /H/ 2008 for assessment Year 2005 -2006 dated 30-04-2010 preferred against the Order of the Commissioner of Income Tax (Appeals) IV, Hyderabad in Appeal No. 0269 Addl. CIT-3/ CIT (A) –IV / 2007 -08 dated 26-03-2008 preferred against the Order of the Additional Commissioner of Income Tax Range 3 (1), Hyderabad dated 26-12-2007 in PAN/GIR No. AAFCS4916D/ SH-15 .

Between:

M/s. Shriram Chits Private Limited Rep. by its Executive Director Sri R. Duruvasan 3-5-909, Himayatnagar, Hyderabad 500 029 ...APPELLANT

AND

Additional Commissioner Of Income Tax, Range 3, 7th Floor, IT.Towers, A.C. Guards, Hyderabad - 500 004 ...RESPONDENT

Counsel for the Appellant : SRI SIVARAMAN/ SRI VEDULA SRINIVAS

Counsel for the Respondent: SRI J.V. PRASAD, SENIOR SC FOR I.T. Dept.,

I.T.T.A. NO. 412 OF 2015

(Income Tax Tribunal Appeal Under Section 260 – A of the Income Tax Act 1961 against the order of the Income Tax Appellate Tribunal, Hyderabad Bench ' A ', Hyderabad in ITA No. 651 /HYD /2009 for assessment Year 2009 -2010 dated 5-4-2013 preferred against the Order of the Commissioner of Income Tax (Appeals) – IV, Hyderabad in Appeal No. 210 / JCIT 3 (1) / CIT (A) –IV / 2011-12 dated 30- 03-2012 preferred against the Order of the Joint Commissioner of Income Tax , (OSD) , Circle – 3 (1), Hyderabad dated 23-11-2011 in PAN/GIR No. AAFCS4916D/ SH-15 .

Between:

M/s. Shriram Chits Private Limited Rep. by its Executive Director Sri K. Srinivas, 3-5-909, Himayatnagar, Hyderabad 500 029 ...APPELLANT

AND

The Joint Commissioner of Income Tax (OSD). O/o. Deputy Commissioner of Income Tax Circle – 3 (1) , IT Towers, 7th Floor, "B" Block, Masab Tank, Hyderabad - 500 004

...RESPONDENT

Counsel for the Appellant : SRI SIVARAMAN / SRI VEDULA SRINIVAS

Counsel for the Respondent: SRI J.V. PRASAD, SENIOR SC FOR I.T. Dept.,

I.T.T.A. NO. 564 OF 2011

(Income Tax Tribunal Appeal Under Section 260 – A of the Income Tax Act 1961 against the order of the Income Tax Appellate Tribunal, Hyderabad Bench ' B ', Hyderabad in

ITA No. 490 / H/ 2010 for assessment Year 2007 -2008 dated 1-03-2011 preferred against the Order of the Commissioner of Income Tax (Appeals) – IV, Hyderabad in Appeal No. 156/ Addl. CIT-3/ CIT (A) – IV / 2009-10 dated 26-02-2010 preferred against the Order of the Additional Commissioner of Income Tax , Range – 3 , Hyderabad dated 27-10-2009 in PAN/GIR No. AAFCS4916D/ SH-15 .

Between:

M/s. Shriram Chits Private Limited Rep. by its Executive Director Sri R. Duruvasan 3-5-909, Himayatnagar, Hyderabad 500 029 **...APPELLANT**

AND

Additional Commissioner Of Income Tax, Range 3, 7th Floor, IT Towers, A.C. Guards, Hyderabad - 500 004 **...RESPONDENT**

Counsel for the Appellant : SRI SIVARAMAN/ SRI VEDUAL SRINIVAS

Counsel for the Respondent: SRI J.V. PRASAD, SENIOR SC FOR I.T. Dept.,

I.T.T.A. NO. 05 OF 2022

(Income Tax Tribunal Appeal Under Section 260 – A of the Income Tax Act 1961 against the order of the Income Tax Appellate Tribunal, Hyderabad Bench 'A', Hyderabad in ITA No. 718 /HYD/2019 for assessment Year 2016 -2017 dated 17-08-2021 preferred against the Order of the Commissioner of Income Tax (Appeals) 3 Hyderabad in ITA No. 10220/DCIT -3 (1)-CIT(A) -3 / 2019 -19 dated 20-03-2019 preferred against the Order of the Deputy Commissioner of Income Tax , Circle – 3 (1), Hyderabad dated 14-12-2018 in PAN/GIR No. AAFCS4916D .

Between:

M/s. Shriram Chits (India) Private Limited , 3-6-478 , III Floor Anand Estates, Opp: Indian Bank, Liberty Road, Hyderabad – 500 029 , Represented by its Director Mr. K.R.C. Sekhar, S/o. K.V. Ramachandran. **...APPELLANT**

AND

The Deputy Commissioner of Income Tax , Circle – 3 (1) , Hyderabad. **. .RESPONDENT**

Counsel for the Appellant : SRI SIVARAMAN/ FOR SMT. VEDULA CHITRALEKHA

Counsel for the Respondent: SRI J.V. PRASAD, SENIOR SC FOR I.T. Dept.,

The Court made the following COMMON ORDER

THE HON'BLE SRI JUSTICE P.SAM KOSHY

AND

THE HON'BLE SRI JUSTICE N.TUKARAMJI

I.T.T.A. Nos.41, 311 of 2012, 455 of 2014,

134, 135, 136, 412 of 2015, 564 of 2011 and 5 of 2022

COMMON JUDGMENT:*(per Hon'ble Sri Justice **P.SAM KOSHY**)*

Heard Mr.Sivaraman, learned counsel for the appellant and Mr. J.V.Prasad, learned Senior Standing Counsel for the Department. Perused the material available on record.

2. These are appeals which have been filed by the assesee questioning the order passed by the Income Tax Appellate Tribunal (for short 'ITAT'), so far as rejecting the appellants claim for exemption of chit fund income on the principles of mutuality on the ground that the appellant is a business concern.

3. It has been informed at the bar that the issue already has been decided by the Division Bench of this very High Court itself in a batch of appeals in I.T.T.A.Nos.296 of 2006 and other connected appeals which were decided on 30.11.2022. This High Court relying upon the earlier judgment of this very High Court, in the case of ***Commissioner of Income Tax vs. Kovur Textiles***[1], whereby, it has been held by the

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[1] (1982) 136 ITR 61 AP

Division Bench of this Court that the principle of mutuality cannot be extended for the income earned by a Chit Fund Company. This judgment still holds good.

4. Given the fact that similar appeals had also been listed last week before this Court, where again in a bunch of appeals, this Court had allowed the appeals in favour of the Revenue and against the assessee, *vide* order dated 02.11.2023 in ITTA.Nos.324 of 2006 and other batch matters. In view of the same, the instant appeals also stand decided in terms of the order passed by this Court in the aforesaid matters i.e., in the case of ***Commissioner of Income Tax vs. Kovur Textiles*** and also the batch matters decided by this very bench i.e., on 02.11.2023 referred to in the preceding paragraph. Thus, these appeals are accordingly rejected with the question of law being decided in favour of the Revenue.

5. As a sequel, miscellaneous applications pending if any, shall stand closed. No order as to costs.

Sd/- B.S. CHIRANJEEVI,
JOINT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. **The Income Tax Appellate Tribunal, Hyderabad Bench ' B ', Hyderabad**
2. **The Income Tax Appellate Tribunal, Hyderabad Bench ' A ', Hyderabad**
3. **The Commissioner of Income Tax (Appeals) – IV, Hyderabad**
4. **The Deputy Commissioner of Income Tax , Circle – 3 (1), Hyderabad**

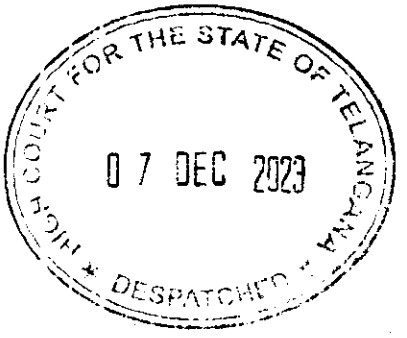
5. **The Additional Commissioner of Income Tax , Range – 3 , Hyderabad**
6. **The Joint Commissioner of Income Tax , (OSD) , Circle – 3 (1), Hyderabad.**
7. **The Additional Commissioner of Income Tax , Range – 3 (1), Hyderabad**
8. **One CC to Sri Sivaraman, Advocate (OPUC)**
9. One CC to Sri J.V. Prasad, Senior SC for I.T. Dept., (OPUC)
10. One CC to Sri Vedula Srinivas, Advocate (OPUC)
11. Two CD Copies

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HIGH COURT

PSKJ & NTRJ

DATED:07/11/2023



COMMON JUDGMENT

I.T.T.A. Nos. 41, 311 of 2012, 455 of 2014 , 134, 135, 136, 412 of 2015, 564 of 2011 and 5 of 2022

ALL THE APPEAL ARE REJECTED

WITHOUT COSTS

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MA 5/12/23