HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD
(Special Original Jurisdiction)

FRIDAY, THE TWELFTH DAY OF SEPTEMBER
TWO THOUSAND AND TWENTY FIVE

PRESENT

THE HONOURABLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH
AND
THE HONOURABLE SRI JUSTICE G.M. MOHIUDDIN

WRIT PETITION NO: 27512 OF 2025

Between:

Tata Project Provident Fund Trust, 7-1-80 to 87, Mithona Towers, Prenderghast Road, Near Paradise Circle, Secunderabad, Hyderabad - 500003, Telangana PAN. AAAAT0313L Represented by its Trustee, Mr Satish Chandra Gopinath S/o. Pullat Gopinath, Aged about 53 years, R/o. 7-1-80 to 87, Mithona Towers, Prenderghast Road, Near Paradise Circle, Secunderabad, Hyderabad - 500003, Telangana .

...PETITIONER

AND

1. The Principal Commissioner of Income-Tax, PCIT, Hyderabad-1, Hyderabad.
2. The Income-Tax Officer, Ward-10(1), Hyderabad.
3. The Deputy Commissioner of Income-Tax, CPC, Bengaluru.
4. The Additional Commissioner of Income-Tax, Range-6, Hyderabad.
5. Union of India, Rep. by its Secretary, Ministry of Finance, Department of Revenue, North Block, New Delhi-110001.

...RESPONDENTS

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to issue an appropriate Writ, Direction or Order, particularly one in the nature of Writ of Certiorari calling for records and quash

a. The Impugned Order issued under Section 264 of the Income Tax Act, 1961 dated 01/08/2025 bearing DIN No.ITBA/COM/F/17/2025-26/1079206629(1) issued by Respondent No. 1 for the Assessment Year 2014-15 are being illegal, manifestly arbitrary, violative of Article 14 and 19(1)(g) and inherently lacking jurisdiction

b. Consequent Impugned Intimation under Section 143(1) of the Income Tax Act, 1961 dated 10/03/2016 bearing DIN No. CPC/1415/A7/1539639555 issued by Respondent No. 3 for the Assessment year 2014-15 are being illegal, manifestly arbitrary, violative of Article 14 and 19(1)(g) and inherently lacking jurisdiction.

IA NO: 2 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed n support of the petition, the High Court may be pleased to Suspend the Impugned Order issued under Section 264 of the Income Tax Act, 1961 dated 01/08/2025 bearing DIN No. ITBA/COM/F/17/2025-26/1079206629(1) issued by Respondent No. 1 for the Assessment Year 2014-15.

Counsel for the Petitioner: SRI PERCY J.PARDIWALA, Sr. COUNSEL, REP. FOR SRI K.PRATIK REDDY

Counsel for the Respondent No.1, 2 & 4: SMT BOKARO SAPNA REDDY, Sr. SC FOR IT

Counsel for the Respondent No.5: SRI N.BHUJANGA RAO, Sr. COUNSEL FOR CENTRAL GOVT.

The Court made the following: ORDER

THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH
AND
THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN

WRIT PETITION No. 27512 of 2025

ORDER:

Heard Sri Percy J. Pardiwala, learned Senior Counsel representing Sri K. Pratik Reddy, learned counsel for petitioner, Smt. Bokaro Sapna Reddy, learned Senior Standing Counsel for Income-tax appearing for respondent Nos.1, 2 and 4 and Sri N. Bhujanga Rao, learned Senior Panel Counsel for Central Government appearing for respondent No.5.

2. Revision under Section 264 of the Income-tax Act, 1961 (for short 'the Act'), is to be filed within a period of one year from the date on which the order in question i.e., the order passed on the petitioner's application for rectification was rejected. The order of rejection is dated 01.12.2016. The revision application has been filed on 28.10.2024 before the Principal Commissioner of Income Tax-I, Hyderabad (PCIT). The same has been rejected by the impugned order dated 01.08.2025 on grounds of inordinate delay of 91 months, gross negligence and laches. The petitioner Trust manages the provident fund contributions of its employees and it is

registered under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. In respect of the return of income for the Assessment Year 2014-15, exemption under Section 10(25) of the Act amounting to Rs.10,21,72,442/- was disallowed on 10.03.2016 and consequently, a demand of Rs.4,43,48,179/- was issued. Aggrieved against this, the assessee filed its rectification petition, which was rejected on 01.12.2016 impugned in revision before the learned Commissioner nearly after seven (7) years. The petitioner *inter alia* took the plea that it was not aware of the rejection of the rectification petition. When the concerned person of petitioner Trust logged into the Income Tax Portal for assessment proceedings of Assessment Year 2022-23, he came to know about the recovery notice dated 09.06.2023 for Assessment Year 2014-15 and based on that, the concerned person realized that the rectification request for non-allowing of exemption has been rejected on 01.12.2016. Such rejection was sent to Email I.D. of the erstwhile employee of M/s. Tata Projects Limited working in Human Resource Department. The assessee therefore pleaded unavoidable reason for the delay in

filing the revision against rejection of its rectification application. According to the assessee, in earlier years as well as subsequent years, the exemption claimed by the Trust under Section 10(25) of the Act was never disputed by the Department. In the recent order passed under Section 143(3) read with Section 260 of the Act for the Assessment Year 2022-23, the Assessing Officer had given a finding that the income of the petitioner Trust is exempted under Section 10(25) of the Act. Therefore, in the application for condonation of delay under Section 264(3) of the Act filed along with the revision petition, the petitioner prayed that delay has not been deliberate and contumacious. Relying upon certain decisions of the Apex Court as well as Bombay, Madras and Calcutta High Courts, the revisional authority by the impugned order upon consideration of the specific grounds raised by the petitioner held as under:

> "6. The factual report submitted by the AO and Range head is perused. Further, as per the provisions vested u/s.264 of the Income Tax Act, 1961, the records in the case of the assessee for the Asst. Year 2014-15 have been examined.
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> 7. In the above context, before finalization by this office, the assessee was given an opportunity of being heard and the case was posted for hearing vide this office notice dated 01.07.2025.

In response to the notice issued, the AR of the assessee, Shri Jatin Kanabar appeared on 10.07.2025. The AR explained the matter and requested for condonation of delay in filing application u/s. 264 of the Act. The case was discussed. Further submissions were also filed by the assessee on 25.07.2025.

8. I have carefully considered the petition, supporting submissions, case law cited and report of the Assessing Officer. The key issue in this case is whether the delay in filing the petition under Section 264 can be condoned.

9. As per the provisions of Section 264, the application shall be made within one year from the date on which the order in question was communicated to the Assessee or the date on which the Assessee otherwise came to know of it, whichever is earlier.

10. In the present case the intimation u/s 143(1) was issued on 10.03.2016. Subsequently, the rectification request was rejected on 01.12.2016, and this information was accessible through the ITBA portal. Even if the benefit of doubt is extended and the date of rejection (01.12.2016) is considered as the relevant date, the last date to file a valid revision petition under Section 264 would be 01.2.2017. However, the present petition has been filed on 28.10.2024, nearly seven years after the statutory deadline, making it grossly time-barred.

11. The assessee's explanation – that it remained unaware of the rectification rejection due to the email being sent to an ex-employee has not been adduced by any documentary evidence to justify the inordinate delay. Further the reasons for delay which are given are prima facie not tenable and superficial. The assessee is a regular filer and the claim that was not award of demand for the AY 2014-15 cannot be believed owing to the fact that the pending demands are clearly visible in e-filing portal. The portal also prompts to respond to the outstanding demand. Moreover the Income Tax Department issues communication from time to time informing about the pending demand. Therefore, it is difficult to believe that assessee was not aware of the pending demand and came to know about it on 09.06.2023.

As an institutional assessee with dedicated tax handling mechanisms, a reasonable standard of diligence is expected, including periodic reviews of the e-filing portal and follow-up of pending requests.

12. While the assessee referred to judicial precedents, however, those were rendered in contexts where the delay was found to be reasonable and not excessive. In the present case, the delay of 91 months cannot be considered as a mere unaware of facts, but, has to be called a matter involving inordinate delay, gross negligence and laches. Hence, it is held that no justifiable "sufficient cause" as required under the proviso to Section 264(3) has been demonstrated to condone this extraordinary delay.

13. Further, as per assessee's letter dated 22.07.2025 received in this office on 25.07.2025, it was requested to grant another opportunity of hearing to further explain and support the case. In this regard, it is important to bring on record that vide the aforementioned letter dated 22.07.2025 it was duly acknowledged about the personal hearing that was already conducted on 10.07.2025. Accordingly, since the matter has been clearly demonstrated by the assessee through the submissions as well as personal hearing, there remains no further need to give repeated hearing and accordingly the case is being finalized without granting any further opportunity."

3. Learned Senior Counsel for the petitioner has reiterated the grounds taken in the application for condonation of delay before this Court while assailing the impugned rejection order. He has placed reliance on the decision of the Apex Court in **N. Balakrishnan v. M. Krishnamurthy**[1]. Paras 9 to 13 of the said judgment read as under:

[1] (1998) 7 SCC 123

"9. It is axiomatic that condonation of delay is a matter of discretion of the court. Section 5 of the Limitation Act does not say that such discretion can be exercised only if the delay is within a certain limit. Length of delay is no matter, acceptability of the explanation is the only criterion. Sometimes delay of the shortest range may be uncondonable due to want of acceptable explanation whereas in certain other cases delay of very long range can be condoned as the explanation thereof is satisfactory. Once the court accepts the explanation as sufficient it is the result of positive exercise of discretion and normally the superior court should not disturb such finding, much less in revisional jurisdiction, unless the exercise of discretion was on wholly untenable grounds or arbitrary or perverse. But it is a different matter when the first court refuses to condone the delay. In such cases, the superior court would be free to consider the cause shown for the delay afresh and it is open to such superior court to come to its own finding even untrammeled by the conclusion of the lower court.

10. The reason for such a different stance is thus:

The primary function of a court is to adjudicate the dispute between the parties and to advance substantial justice. Time limit fixed for approaching the court in different situations is not because on the expiry of such time a bad cause would transform into a good cause.

11. Rules of limitation are not meant to destroy the rights of parties. They are meant to see that parties do not resort to dilatory tactics, but seek their remedy promptly. The object of providing a legal remedy is to repair the damage caused by reason of legal injury. Law of limitation fixes a lifespan for such legal remedy for the redress of the legal injury so suffered. Time is precious and wasted time would never revisit. During the efflux of time, newer causes would sprout up necessitating newer persons to seek legal remedy by approaching the courts. So a lifespan must be fixed for each remedy. Unending period for launching the remedy may lead to unending uncertainty and consequential anarchy. The Law of limitation is thus founded on public policy. It is enshrined in the maxim *interest reipublicae up sit finis litium* (it is for the general

welfare that a period be put to litigation). Rules of limitation are not meant to destroy the rights of the parties. They are meant to see that parties do not resort to dilatory tactics but seek their remedy promptly. The idea is that every legal remedy must be kept alive for a legislatively fixed period of time.

12. A court knows that refusal to condone delay would result in foreclosing a suitor from putting forth his cause. There is no presumption that delay in approaching the court is always deliberate. This Court has held that the words "sufficient cause" under Section 5 of the Limitation Act should receive a liberal construction so as to advance substantial justice vide *Shakuntala Devi Jain Vs. Kuntal Kumari* [AIR 1969 SC 575] and *State of West Bengal Vs. The Administrator, Howrah Municipality* [AIR 1972 SC 749].

13. It must be remembered that in every case of delay there can be some lapse on the part of the litigant concerned. That alone is not enough to turn down his plea and to shut the door against him. If the explanation does not smack of mala fides or it is not put forth as part of a dilatory strategy the court must show utmost consideration to the suitor. But when there is reasonable ground to think that the delay was occasioned by the party deliberately to gain time then the court should lean against acceptance of the explanation. While condoning delay the court should not forget the opposite party altogether. It must be borne in mind that he is a loser and he too would have incurred quite a large litigation expenses. It would be a salutary guideline that when courts condone the delay due to laches on the part of the applicant the court shall compensate the opposite party for his loss."

It is submitted that the petitioner has not resorted to dilatory tactics. It was not going to benefit by approaching the revisional authority after such delay. The reasons for delay have been well-explained. This Court therefore should

consider the cause shown for the delay afresh and come to its own finding untrammeled by the conclusion of the lower Court. The object of providing a legal remedy is to repair the damage caused by reason of legal injury. He has also placed reliance on the decision of Bombay High Court in **Bharatiya Engineering Corporation Pvt. Ltd. v. Additional Commissioner of Income-tax**[2] and submitted that the learned Court has also taken note of the letters of Central Board of Direct Taxes submitted before the Public Accounts Committee in the year 1967-68 in matters relating to condonation of delay in refund cases. It is submitted that if the exemption under Section 10(25) of the Act shown on provident fund is not allowed, the loss would be ultimately to the employees concerned. The learned Commissioner refused to make any observation as to the correctness of the intimation dated 01.12.2016. Therefore, the impugned order may be set aside.

4. Learned counsel for the Revenue has strongly opposed the submissions. She submits that the Commissioner has accorded personal hearing to the petitioner and taken note of

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[2] (1979) 1 Taxman 461 (Bombay)

all the grounds raised by the assessee. The rejection of rectification application was uploaded on Income Tax portal on 01.12.2016. Petitioner is an institutional assessee with dedicated tax handling mechanisms and is expected to exercise a reasonable standard of diligence and periodic reviews of the e-filing portal and follow-up of pending requests. Therefore, the explanation furnished by the petitioner for gross delay of 91 months cannot at all be considered as sufficient to condone the delay when the provision under Section 264(3) prescribes limit of one year for filing of such revision petitions. Perusal of the decision in the case of **Bharatiya Engineering Corporation Pvt. Ltd.,** (supra) would show that the delay was only two years which the learned Court considered it proper to condone. The present case suffers from delay of seven (7) years for which no sufficient cause has been shown. It is submitted that even by the ratio rendered by the Apex Court in the case of **N. Balakrishnan** (supra), the petitioner Trust is under an obligation to show sufficient cause otherwise such inordinate unexplained delay should not be condoned. The order of rejection therefore does not suffer from any illegality

which requires interference under Article 226 of the Constitution of India.

5. We have accorded considerable hearing to learned counsel for the parties on the issue involved i.e., whether the petitioner had furnished sufficient cause for condonation of delay of seven (7) years in preferring the revision petition before PCIT against the rejection of its application for rectification against disallowance of exemption under Section 10(25) of the Act for the Assessment Year 2014-15.

6. Upon hearing the learned counsel for the parties and after perusing the grounds raised and the findings of the learned PCIT on this issue, we are of the considered opinion that the petitioner has not been able to furnish sufficient cause for filing the revision nearly seven (7) years after rejection of application on 01.12.2016 which was also uploaded in Income Tax portal. The petitioner being an institutional assessee obliged to file tax return for every assessment year is expected to conform to reasonable standards of diligence in matters relating to tax. The question herein is not whether such exemptions were allowed in favour of the assessee for

previous or subsequent years. The question herein is as to whether the petitioner has furnished sufficient cause for preferring a revision petition nearly seven (7) years after rejection of its rectification application. Guided by the principles laid down by the Apex Court in **N. Balakrishnan** (supra), on independent consideration also, we do not find any sufficient cause made out for explaining such inordinate delay on the part of the assessee. The findings of the learned PCIT therefore do not suffer from any infirmity calling for interference by this Court under Article 226 of the Constitution of India.

The instant Writ Petition is accordingly dismissed. There shall be no order as to costs.

Miscellaneous applications, if any pending, shall stand closed.

SD/- M. JAWAHAR REDDY
ASSISTANT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. One CC to SRI K.PRATIK REDDY, Advocate [OPUC]
2. One CC to SMT BOKARO SAPNA REDDY, Sr. SC FOR IT [OPUC]
3. One CC to SRI N.BHUJANGA RAO, Sr. COUNSEL FOR CENTRAL GOVT. [OPUC]
4. One CC to DEPUTY SOLICITOR GENERIAL OF INDIA, High Court for the State of Telangana at Hyderabad [OPUC]
5. Two CD Copies

BSR
MMT

HIGH COURT

DATED:12/09/2025



ORDER

WP.No.27512 of 2025

DISMISSING THE WRIT PETITION,

WITHOUT COSTS

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ASV
28/4/25