IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 25.03.2025

CORAM

THE HONOURABLE MR.JUSTICE **S.S.SUNDAR**
and
THE NONOURABLE MR.JUSTICE **C.SARAVANAN**

W.A. Nos.760, 762, 765, 761, 273, 278, 365, 418, 421, 426, 427 of 2025 and C.M.P. Nos.6493, 6494, 6505, 6573, 2055, 2114, 2909, 3569, 3554, 3573 and 3577 of 2025

W.A. Nos.760, 762, 765, 273, 278, 365, 418
421, 426 & 427 of 2025

M/s.M and C Property Development
Private Limited
Represented by Director
No.6, 257, Opposite Saibaba Kovil
Mettupalayam Road, Gnanmbika Mills
Coimbatore 641 043
PAN: AAICM3537D .. Appellant in W.A. No.760/2025

M/s.Arise Industries and Agency Private Limited
Represented by Director
No.54, Mettupalayam Road
Gnanambika Mills, Coimbatore North
Coimbatore 641 029
PAN: AACCT6738K .. Appellant in W.A. No.762/2025

Arjun Ponding Promoters LLP
Represented by Designated Partner
No.127, Thiruvallikeni
Chennai 600 005
PAN: ABBFA1112H .. Appellant in W.A. No.765/2025

Sweety Pie Promoters LLP
Represented by Designated Partner
No.127, Thiruvallikeni
Chennai 600 005
PAN: ACRFS6771R .. Appellant in W.A. No.273/2025

M/s.Arise Investments and Capital
Private Limited
Represented by Director
Daisy Plaza, 355-359, 6th Street
Gandhipuram, Coimbatore South
Coimbatore 641 012
PAN: AAAC16727M .. Appellant in W.A. No.278/2025

Highpowerv Florists and Decorators LLP
Rpresented by Designated Partner
No.127, Thiruvallikeni
Chennai 600 005
PAN: AAJFH4195G .. Appellant in W.A. No.365/2025

M/s.Alpina Real Estates LLP
Represented by Designatured Partner
No.54, Mettupalayam Road
G.N.Mills Post, Coimbatore 641 029
PAN: ABDFA2819F .. Appellant in W.A. No.418/2025

M/s.Affluent Towers LLP
Represented by Designated Partner
No.54, Mettupalayam Road
G.N.Mills Post, Coimbatore 641 029
PAN: ABLA6784H .. Appellant in W.A. No.421/2025

M/s.Ecola Entertainments LLP
Represented by Designated Partner
No.54, Mettupalayam Road
G.N.Mills Post, Coimbatore 641 029
PAN: AAGFE3620G .. Appellant in W.A. No.426/2025

M/s.Delight Townships LLP
Represented by Designated Partner
No.54, Mettupalayam Road
G.N.Mills Post, Coimbatore 641 029
PAN: AAMF1185B .. Appellant in W.A. No.427/2015

Vs.

1.The Principal Commissioner of Income Tax
Central - 2, Chennai
Income Tax Department
No.108, Nungambakkam High Road
Chennai - 600 034

2.The Deputy Commissioner of Income Tax
Central Circle 2, Coimbatore
Income Tax Department
No.63, Race Course Road
Coimbatore 641 018 .. Respondents 1 and 2 in the above Writ Appeals

W.A. No.761 of 2025

M/s.Fortune Media Private Limited
Represented by Director
No.166, Triplicane High Road
Thiruvallikeni, Chennai 600 005
PAN: AAACF5261H .. Appellant in W.A. No.761/2025

Vs.

1.The Principal Commissioner of Income Tax
Central - 2, Chennai
Income Tax Department
No.121, Nungambakkam High Road
Chennai - 600 034

2.The Deputy Commissioner of Income Tax
Non Corporate Circle 10(1), Chennai
Income Tax Department
No.121, Nungambakkam High Road
Chennai 600 034 .. Respondents in W.A. No.761/2025

Prayer : Writ Appeals filed under Clause 15 of the Letters' Patent Act, 1865 to set aside the orders passed in W.P. No.4548 of 2010 dated 29.08.2024, W.P. No.17761 of 2024 dated 29.08.2024, W.P. No.17357 of 2024 dated 29.08.2024, W.P. No.17765 of 2024 dated 29.08.2024, W.P. No.17756 of 2024 dated 29.08.2024, W.P. No.17752 of 2024 dated 29.08.2024, W.P. No.15527 of 2024 dated 20.08.2024, W.P. No.15523 of 2024 dated 20.08.2024, W.P. No.15533 of 2024 dated 20.08.2024, W.P. No.15530 of 2024 dated 20.08.2024 and W.P. No.17325 of 2024 dated 29.08.2024.

For Appellants in all W.As. : Mr.A.S.Sriraman

For Respondents : Mr.AR.L.Sundaresan, Additional Solicitor General assisted by Mr.A.P.Srinivas, Senior Standing Counsel and Mr.A.N.R.Jayaprathap, Junior Standing Counsel in W.A. Nos.762, 765, 273, 278 & 365 of 2025
Mr.V.Mahalingam, Sr. Stdg. Counsel and Mrs.S.Premalatha, Jr.Stdg.Counsel for W.A. No.761 of 2025
Dr.B.Ramasamy, Sr. Stdg. Counsel in W.A. Nos.418, 421, 426 & 427 of 2025

COMMON JUDGMENT
(made by S.S.SUNDAR, J.)

All the above writ appeals arise against the similar orders passed by the learned single Judge dismissing the writ petitions filed by the appellants, challenging the proceedings under Section 127 of the Income Tax Act, 1961. The details of the impugned notification of the first respondent, writ petitions filed by the appellants, writ appeals and the date of orders passed by the writ court, are as follows:

Sl. No.	*W.A. Number*	*Impugned Notification of R1*	*W.P. No. & the date of the order*
1.	760 of 2025	Notification No.01/2024-25 u/s.127 of the Act dated 17.05.2024 in DIN & Letter No.ITBA/COM/F/17/2024-25/1064981571(1)	17340 of 2024/ 29.08.2024
2.	762 of 2025	-do-	17761 of 2024/ 29.08.2024
3.	765 of 2025	-do-	17357 of 2024/ 29.08.2024
4.	273 of 2025	-do-	17765 of 2024/ 29.08.2024
5.	278 of 2025	-do-	17756 of 2024/ 29.08.2024
6.	365 of 2025	-do-	17752 of 2024/ 29.08.2024
7.	418 of 2025	Notification No.01/2024-25 u/s.127 of the Act dated 25.04.2024 in C.No.142/PCIT-1/CBE/2024-25	15527 of 2024 / 20.08.2024
8.	421 of 2025	-do-	15523 of 2024/

Sl. No.	W.A. Number	Impugned Notification of R1	W.P. No. & the date of the order
			20.08.2024
9.	426 of 2025	-do-	15533 of 2024/ 20.08.2024
10.	427 of 2025	-do-	15530 of 2024/ 20.08.2024
11.	761 of 2025	Notification No.58/2023-24 u/s.127 of the Act dated 08.02.2024 in DIN & Letter No.ITBA/COM/F/17/2023-24/1060672932(1)	17325 of 2024/ 29.08.2024

2. Since the issues in all these appeals are common and the writ petitions are connected, all these appeals are disposed of by this common judgment.

3. The appellants in these appeals have filed writ petitions challenging the notifications issued by the first respondent in the respective writ petitions in exercise of his power conferred under Sub Sections 2 and 3 of Section 127 of the Income Tax Act, 1961 (in short, 'the Act'). By the order impugned in the writ petitions, the first respondent, had transferred the income tax assessment files pertaining to the appellants from the office of the second respondent to the office of the Deputy Commissioner of Income Tax, Circle-4(4), Kolkata (hereinafter referred to as 'Central Circle'), to centralise the case of the appellants for effective and co-ordinated investigation along with other cases.

4. The appellants in all these appeals are either private limited company or limited liability partnership or partnership concern or individuals, who are having business only in Tamil Nadu. It is admitted that there was a search and seizure action carried out in different premises of the appellants in relation to other entities located in West Bengal having business operations in Coimbatore too. Pursuant to the search operation, a show-cause notice was issued to the appellants as required under Section 127 of the Act, proposing to centralise the income tax files relating to the appellants to the Central Circle in Kolkata. The show-cause notice clearly indicates that some incriminating documents seized are interconnected and will affect the assessment of the appellants, the first respondent found it necessary to see the implications of the documents found at different places together. It is stated in the show-cause notice that since the incriminating documents seized at different places should be analysed at one place, all the cases should be considered together at one place so that there would be a meaningful and coordinated investigation.

5. In response to the show-cause notice, a reply was submitted by the appellants mainly on the ground that there is no finding involving the appellants and further stated that the Registered office of the appellants is

located in Coimbatore or Chennai, as the case may be, the appellants contended that it is not possible for them to travel to Kolkata to present their case before the authorities at Kolkata. Further, it is also indicated that it would be expensive for the appellants to arrange or hire a local lawyer to conduct their cases. Since the authorities at Coimbatore or Chennai, as the case may be, is competent to undertake the assessment proceedings in the cases of the appellants, they have raised their objections for transferring the files of the appellants to Kolkata for centralised assessment.

6. After receiving the reply from the appellants, the impugned orders/notification were served on all the appellants, details of which have been stated in the tabulation mentioned supra. In all the impugned orders, the following reasons are given:

> *"5. At the outset, it is pertinent to mention here that the individual S Martin and concern named Future Gaming and Hotel Services Private Limited are the key individual and flagship company of the Lottery Group respectively upon which a Search & Seizure operation was conducted on 12.10.2023 by Directorate of Investigation, Kolkata in connection with tax evasion by the group in course of its lottery business operations primarily carried in state of*

West Bengal in addition to other states. Further, it is also apt to mention here that a total Sixty-six (66) warrants of authorisation of Search u/s.132 of the Act were issued in the course of Search Operation of Lottery Group (DoS: 12.10.2023) subsequent to which 102 PANs were initially centralised in this charge for assessment. The other entities/individuals simultaneously covered in this Search and subsequently centralised in this charge are closely related to S Martin and Future Gaming and Hotel Services Private Limited & Jose Charles Martin in the business operation of Lottery in state of West Bengal in different capacities such as sub-distributors, stockist, printing press etc. Therefore, for the sake of co-ordinated and meaningful assessment of entire block it is desired that assessment of all such related individuals/concerns be conducted together with Martin (PAN : AEAP3703Q), Future Gaming and Hotel Services Private Limited (PAN : AABCM9751G) & Jose Charles Martin (PAN : AGUPC1416C). Also, the contention of the assessee that in previous search conducted in case of assessee in 2019, cases were centralised in Coimbatore, is also misplaced owing to the fact that the previous search was conducted by Directorate of Investigation, Chennai and facts of the case had been different back then and not what is discussed in proceeding para in present context.

6. The fact of the matter is that investigation

Directorate, Kolkata has initiated and conducted a search on the assessees herein and have communicated vide their letter dated 19.12.2023 and 05.04.2024 that centralization is essential for co-ordinated investigation. In view of their request, based on findings of the search, the objections of the assessees have no merit. On the consideration of the facts and circumstances in the instant case, the objections of the assessees are rejected.

7. Therefore, in exercise of the powers conferred under sub-section 2 and 3 of Section 127 of the Income Tax Act, 1961 and all other powers enabling me in this behalf, I, the Pr. Commissioner of Income Tax, Cnetral-2, Chennai, hereby transfer the jurisdiction over the cases, the particulars of which are mentioned in column No.(2)&(3) of the schedule from the Assessing Officer, mentioned in Column No.(4) to the Assessing Officer mentioned in Column No.(5) for the purpose of coordinated investigation in Lottery Group (Date of Search : 12/10/2023)

7. Challenging the impugned orders/notification, the appellants have filed writ petitions raising the following grounds:

(a) The impugned order passed by the first respondent is in violation of principles of natural justice;

(b) A reasonable opportunity envisaged under Section

127 of the Act was not given to the petitioners/appellants;

(c) sufficient time was not given to the petitioners/appellants to show cause or to file their objections;

(d) There is no finding in the impugned order as to whether any material seized from the premises of the appellants connect the appellants with the assessees on whose behalf the search and seizure was conducted; and

(e) By virtue of the impugned order/notification, the assessees will be put to a lot of inconvenience not only in terms of money and time, but also in terms of travelling and other inconvenience.

8. The learned single Judge passed independent orders dismissing all the writ petitions giving similar or identical reasons. The learned single Judge, examined the power and scope of Section 127 of the Income Tax Act and held that the issue of jurisdiction and change in jurisdiction under Section 127 of the Income Tax Act, 1961 is a pivotal aspect of tax administration. It is observed that Section 127 is to provide a legal framework for the transfer of

cases from one Assessing Officer to another and is crucial in ensuring the smooth functioning of the tax administration system. Having regard to the facts, the learned single Judge observed that it would be difficult for the Assessing Officer at Coimbatore or Chennai, as the case may be, to complete the assessment in the absence of material documents, which were seized upon in the search. Since material documents were seized by IT(Investigation) authorities of Kolkata Central Circle, learned Judge justified transfer as it will be difficult for the assessing officer to complete the assessment in Coimbatore.

9. Section 127 of the Income Tax Act, 1961 reads as follows:

> ***127. Power to transfer cases*** *(1) The Director General or Chief Commissioner or Commissioner may, after giving the assessee a reasonable opportunity of being heard in the matter, wherever it is possible to do so, and after recording his reasons for doing so, transfer any case 63 from one or more Assessing Officers subordinate to him (whether with or without concurrent jurisdiction) to any other Assessing Officer or Assessing Officers (whether with or without concurrent jurisdiction) also subordinate to him.*
>
> *(2) Where the Assessing Officer or Assessing*

Officers from whom the case is to be transferred and the Assessing Officer or Assessing Officers to whom the case is to be transferred are not subordinate to the same Director General or Chief Commissioner or Commissioner,—

(a) where the [Principal Director General or Director General] or [Principal Chief Commissioner or Chief Commissioner] or [Principal Commissioner or Commissioner] to whom such Assessing Officers are subordinate are in agreement, then the [Principal Director General or Director General] or [Principal Chief Commissioner or Chief Commissioner] or [Principal Commissioner or Commissioner] from whose jurisdiction the case is to be transferred may, after giving the assessee a reasonable opportunity of being heard in the matter, wherever it is possible to do so, and after recording his reasons for doing so, pass the order;

(b) where the [Principal Directors General or Directors General] or [Principal Chief Commissioner or Chief Commissioner] or [Principal Commissioner or Commissioner] aforesaid are not in agreement, the order transferring the case may, similarly, be passed by the Board or any such [Principal Directors General or Directors General] or [Principal Chief Commissioner or Chief Commissioner] or [Principal Commissioner or Commissioner] as the Board may, by notification in the

Official Gazette, authorise in this behalf.

(3) Nothing in sub-section (1) or sub-section (2) shall be deemed to require any such opportunity to be given where the transfer is from any Assessing Officer or Assessing Officers (whether with or without concurrent jurisdiction) to any other Assessing Officer or Assessing Officers (whether with or without concurrent jurisdiction) and the offices of all such officers are situated in the same city, locality or place.

(4) The transfer of a case under sub-section (1) or sub-section (2) may be made at any stage 64 of the proceedings, and shall not render necessary the re-issue of any notice already issued by the Assessing Officer or Assessing Officers from whom the case is transferred.

Therefore, the power and scope of Section 127 shows that it is an administrative power. Of course, the authorities exercising the power has to give an opportunity, wherever it is possible in adherence to principles of natural justice.

10. In the present case, the facts recorded in the order impugned in the writ petitions, would clearly show that it is for the sake of coordinated and meaningful assessment of entire block, the transfer is required. The fact that

there was search and seizure operation conducted in the premises of the respective appellants by Directorate of Investigation, Kolkata in connection with tax evasion, is not in dispute. It is stated that several incriminating documents have been seized in connection with the assessees in the Central Circle during search and seizure operation and transfer under Section 127 was recommended for a coordinated investigation related to lottery group. The fact that the appellants are all sister concerns of Lottery group is not disputed. Thiru.S.Martin and his family numbers are there in every company or the partnership concerns, who are the appellants before this court. The question is, whether a coordinated investigation is required or not, is the subjective satisfaction of the authorities concerned.

11. The learned counsel appearing for the appellants relied upon an order of the writ court ***dated 21.02.2024 in W.P. No.4247 of 2024*** made in ***Sindhu Shree Charles v. The Principal Commissioner of Income Tax and another***. In the said case, the impugned order was set aside on the ground that only three days time was given to the assessee to respond to the show-cause. Since the impugned order of transfer was issued without giving sufficient opportunity by giving reasonable time, the order under Section 127 of the

Income Tax Act, was set aside, however with a direction to the authorities to pass orders afresh. This judgment is not relevant in the present context when sufficient time was given to appellants.

12. The learned counsel then relied upon a judgment of the Bombay High Court in ***Kamal Varandmal Galani v. Principal Commissioner of Income-tax*** reported in ***[2023] 152 taxmann.com 340 (Bombay),*** when transfer was ordered to transfer the assessee's assessment to enable a coordinated assessment along with the assessment in the case of another group. In the course of enquiry no incriminating material was found to connect either the assessee or his company with the other group. It is in the factual premises, it has been held as follows:

> *"12. From a reading of the order impugned passed under Section 127(2) of the Act, it can be seen that the same does not at all reflect as to why it was necessary to transfer the jurisdiction from DCIT-19(3), Mumbai to DCIT Cnetral Circle-3, Jaipur. None of the issues raised by the petitioner have been dealt with either in the order dated 21 November 2022 disposing of the objections raised by the petitioner much less have the same been reflected in the order impugned under section 127(2) of the Act. The assessing officer appears to have acted very mechanically treating the*

request from DCIT Central Circle-3, Jaipur, as if it was binding upon him. In our opinion, the said request was not at all binding inasmuch as if it was so, then the agreement envisaged under section 127(1)(a) would be rendered superfluous.

13. In the same line, in a judgment of the Gujarat High Court in ***Nagindas Kasturchand and Bros. v. Principal Commissioner of Income-tax*** reported in ***[2022] 138 taxmann.com 365 (Gujarat)***, the Division Bench of the Gujarat High Court, considered the issue whether the power under Section 127 is quasi judicial or administrative in nature. It is held that an order under Section 127 of the Act, though can be exercised due to administrative exigency, should meet its test of Article 14 of its constitution. It is further held that an order of transfer under Section 127(2) may cause some inconvenience to the assessee and therefore has to be passed after hearing and by giving reasons fulfilling the ingredients of principles of natural justice. It was a case where no notice or order passed under Section 127 giving reasons for transfer.

14. The judgment of the Delhi High Court in ***Raj Sheela Growth Fund (P) Ltd. v. Income-tax officer*** reported in ***[2024] 165 taxmann.com 182***

(Delhi), relied upon by the learned counsel for the appellant is not relevant on facts, as the question answered in the said decision is whether in the absence of any order of transfer under Section 127 of the Act, the non-jurisdictional Assessing officer can proceed with the assessment. The argument of assessee that the assessment order and proceedings thereafter are vitiated since the order was passed by a different assessing officer who has passed an assessment order pursuant to an order of centralisation without an order under Section 127 of the Act. Hence, this judgment has not application.

15. The other judgments relied on by the counsel for appellants are not helpful to the assessees/appellants, while challenging the present order, which are supported by reasons which are in tune with the power conferred under Section 127 of the Act.

16. The learned Additional Solicitor General, in his submissions, referred to the order impugned and supported the reasoning of the authority while exercising power under Section 127 of the Act. He also placed reliance on a few judgments.

17. A Division Bench of the Delhi High Court in ***Dollar Gulati v. Principal Commissioner of Income-tax*** reported in ***[2024] 162 taxmann.com 348 (Delhi)***, has considered the scope of Section 127 of the Act elaborately, and upheld the order of transfer in similar circumstances where some incriminating material in respect of the assessee was discovered and the assessee was called on to furnish the details of income earned by him for certain years. Subsequently, a show-cause notice was issued to the assessee and ultimately it was held that for administrative convenience and coordinated investigation, the transfer was necessitated. It is in this context, the Division Bench, held as follows:

> *"36. As it is obstensibly clear that the Revenue before passing the impugned order dated 20 February 2024 has provided the opportunity of hearing to the assessee [Mark Gulati] and considered the assessee's [Mark Gulati] objections, thus, the order would reflect that the Revenue had duly applied its mind and powers under Section 127 was invoked on the grounds of administrative convenience and meaningful assessment.*
>
> *37. It is imperative to point out that it is crystal clear in light of the discussion noted above that the powers of Section 127 of the Act can be invoked for*

public interest and administrative convenience. Furthermore, the ground of 'coordinated investigation' is a good ground of transfer as upheld by various decisions quoted above.

38. Furthermore, considering the controversy from another lens of exercising the power of judicial review vested under Article 226 of the Constitution, we find that the present is not a case where the exercise of statutory powers by the authority can be said to be wholly arbitrary, irrational, without jurisdiction or suffers with mala fide intention."

18. The view expressed by the Delhi High Court was also upheld by the Hon'ble Supreme Court in ***[2024] 164 taxmann.com 604 (SC)***.

19. In the case on hand, as we pointed out earlier, the show-cause notice refers to incriminating documents seized from the various premises of the appellants by the authorised officer under the control of Principal Director of Income Tax (Investigation), Kolkata. The documents seized would also affect the assessment in respect of the respective appellants. When the documents are seized from different premises of a group of companies/concerns, it is necessary for all the cases to be centralised or considered together at one

place, so that there will be a coordinated investigation. The object of Section 127 is to meet situations as in the present case. The appellants admit that they are a group of companies may be carrying on different business. There is no mala fides alleged in this case as against the first respondent in any of the cases for passing the impugned order for transferring the cases from the office of the second respondent to the office of the Deputy Commissioner of Income Tax, Circle-4(4), Kolkata under Section 127 of the Income Tax Act, 1961. The power under Section 127 is not circumscribed or limited by express language. We find no reasons to doubt the bona fides in this case. Therefore, we do not find any error or infirmity in the order of the learned single Judge and the same deserves to be confirmed and all the writ appeals fail.

20. Accordingly, all the writ appeals are dismissed. However, there is no order as to costs. Consequently, all the connected civil miscellaneous petitions are closed.

[S.S.S.R., J.]   [C.S.N., J.]
25.03.2025

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

To

1.The Principal Commissioner of Income Tax
Central - 2, Chennai
Income Tax Department
No.108, Nungambakkam High Road
Chennai - 600 034

2.The Deputy Commissioner of Income Tax
Central Circle 2, Coimbatore
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3.The Deputy Commissioner of Income Tax
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S.S.SUNDAR, J.
and
C.SARAVANAN, J.

Asr

W.A. Nos.760, 762, 765, 761, 273, 278, 365, 418, 421, 426, 427 of 2025 and C.M.P. Nos.6493, 6494, 6505, 6573, 2055, 2114, 2909, 3569, 3554, 3573 and 3577 of 2025