

HC: Grants exemption u/s 10(1) for hybrid seed production, cites indirect involvement in agricultural activity

Sep 18, 2025

Nuziveedu Seeds Ltd [TS-1238-HC-2025(TEL)]

Conclusion

Telangana HC rejects Revenue's appeal observing that the Tribunal was justified in allowing exemption under Section 10(1) considering Assessee's income as agricultural income given that the Assessee was indirectly involved in agricultural activity; HC observes that *"though the Assessee may not be directly involved in the activity of cultivation but it is being involved through farmers for production of hybrid yielding seeds for different types of hybridization and which are used for the purpose of agriculture for deriving high yielding seeds"*; HC observes that the activity undertaken by the Assessee for the purpose of research and development involves scientific study of the parent seed and hybridization of different varieties of the parent so as to evolve the high yielding of hybrid seeds; Further, HC draws attention to the fact, that the hybrid seeds are generated by certain processes, which the farmer cannot perform suo moto; Noting various agreements that are entered by the Assessee, HC opines that the terms and conditions imposed upon the farmers are that they raise crops that are desired by the Assessee and the whole process is in the nature of production through contract; HC highlights Tribunal reliance on Andhra Pradesh HC decision in [Prabhat Agri-Biotech Ltd.](#); Outlining SC observations in [Raja Benoy Kumar](#), HC states that the parent seeds are produced by way of agriculture and cultivation; HC articulates that *"as there is an element of involvement of Assessee by entering into an agreement with the farmers for utilizing the lands owned by them and from such agreements, the Assessee company is being utilizing for production of hybrid seeds on mass scale from the foundation seeds on payment of certain compensation"*:HC TEL

Decision Summary

The judgment was delivered by the Division Bench of the Telangana HC comprising Justice P. Sam Koshy and Justice Narsing Rao Nandikonda.

Senior Advocate S. Ravi argued on behalf of the Assessee while Revenue was represented by Standing Counsel Sudhakar Reddy.

Case Law Information

Taxpayer Name

- Nuziveedu Seeds Ltd

Judicial Level & Location

- High Court Telangana

Appeal Number

- INCOME TAX TRIBUNAL APPEAL NO.288 OF 2016

Date of Ruling

- 2025-09-08

Ruling in favour of

- Assessee

Section Reference Number

- 10(1)

Nature of Issue

- Exempt Income u/s 10

Judges

- Justice P. Sam Koshy
- Justice Narsing Rao Nandikonda

Counsel for Tax Payer

- S. Ravi

Counsel for Department

- Sudhakar Reddy