

**IN THE INCOME TAX APPELLATE TRIBUNAL,
DELHI 'I-1' BENCH, NEW DELHI**

**BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER,
AND
SHRI N. K. CHOUDHRY, JUDICIAL MEMBER,**

**ITA No.559/DEL/2015
[Assessment Year: 2010-11]**

ITO, Ward-27(4), C.R. Building, New Delhi	M/s Yutaka Autoparts India Pvt. Ltd. 304-305, Lotus Chamber, 2079/38, Nalwa Street, Karol Bagh, New Delhi-110005
	PAN- AAACY2991H
Appellant	Respondent

Appellant by	Shri Dinesh Antil-Sr. DR
Respondent by	None

Date of Hearing	21/01/2020
Date of Pronouncement	23/01/2020

ORDER

PER M. Balaganesh, AM

This appeal has been filed by the Revenue against the direction of the Ld. DRP, Panel-II, New Delhi, dated 13/11/2014, for Assessment Year 2010-11.

2. The only issue decided is as to whether the Ld. DRP is justified in directing the Ld. TPO to reduce the addition of Rs.2,26,06,786/- being adjustment to arm's length price. None appeared on behalf of the assessee despite service of notice through the Ld. Assessing Officer.

3. We have heard the ld. DR and perused the material available on record. We find that the assessee is a group company of Honda Group and is a wholly owned subsidiary company of Yutaka Giken Company Limited, Japan, ('Yutaka Giken, Japan') along with its nominee. We find that the assessee, is incorporated in March 2007, is into a manufacturing and assembling of auto component. The assessee broadly deals in two types of products namely;

- **Exhaust systems-** It influences the environmental performance of vehicles. The exhaust system purifies and reduces the emission level of the vehicles. It includes exhaust manifolds, catalytic converter and silencer;
- **Braking systems products-**Braking system is one of the most important features in any automobile especially in case of two wheelers.

4. We find that the Ld. DRP had directed the Ld. TPO to include the following items as part of the operating income by observing as under:-

“Assessee has pointed out that certain claim received, job work charges and sundry balances written off should be treated as operating income. The DRP is of the view that these items should be considered as operating in nature. Accordingly, the TPO is directed to recomputed the margin of the assessee taking claim received, job work charges and sundry balances written off as operating in nature while computing the arm’s length price.”

5. Against this direction, the Revenue is in appeal before us.
6. We find that the Ld. DRP had not given any reason for coming to the conclusion that the aforesaid three items were part of operating income since the order of the Ld. DRP is very cryptic, we deem it fit and appropriate, in the interest of justice and fair play, to remit the matter back to the file of Ld. DRP for *de novo* adjudication for the impugned assessment year before us. Accordingly, the grounds raised by the Revenue are allowed for statistical purpose.
7. In the result, appeal of the Revenue is allowed for statistical purposes.

Order pronounced in the open court on 23/01/2020.

Sd/-

**[N. K. CHOUDHRY]
JUDICIAL MEMBER**

Sd/-

**[M. BALAGANESH]
ACCOUNTANT MEMBER**

Delhi; Dated: 23/01/2020.

Shekhar, Sr. P.S

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order is forwarded to :

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent;
3. आयकर आयुक्त(अपील) / The CIT(A)
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, दिल्ली / DR, ITAT, Delhi
5. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

सहायक रजिस्ट्रार/Assistant Registrar,
आयकर अपीलीय अधिकरण ,दिल्ली / ITAT, Delhi