

**IN THE INCOME TAX APPELLATE TRIBUNAL  
HYDERABAD BENCHES "B" : HYDERABAD  
(THROUGH VIDEO CONFERENCE)**

**BEFORE SHRI S.S.GODARA, JUDICIAL MEMBER  
AND  
SHRI LAXMI PRASAD SAHU, ACCOUNTANT MEMBER**

**I.T.A. No. 1474/HYD/2019**

Assessment Year: 2008-09

M/s.Avanti Feeds Limited, HYDERABAD [PAN: AABCA7365E]	Vs	Deputy Commissioner of Income Tax, Circle-1(1), HYDERABAD
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(Appellant)

(Respondent)

For Assessee : Shri H.Srinivasulu, AR  
For Revenue : Shri Rohit Mujumdar, DR

Date of Hearing : 13-05-2021  
Date of Pronouncement : 23-06-2021

**ORDER**

**PER S.S.GODARA, J.M. :**

This assessee's appeal for AY.2008-09 arises from the CIT(A)-1, Hyderabad's order dated 11-06-2019 passed in case No.10139/2010-11/DCIT 1(1)/CIT(A)-1/Hyd/2019-20, in proceedings u/s.143(3) of the Income Tax Act, 1961 [in short, 'the Act'].

Heard both the parties. Case file perused.

2. The assessee's sole substantive grievance raised in the instant appeal challenges correctness of both the lower authorities' action invoking Section 14A r.w. Rule 8D(2)(iii) disallowance of ½% as average value of investments; coming to

Rs.14,44,473/- in the course of assessment dt.29-10-2010 as upheld in the CIT(A)'s lower appellate discussion.

3. Suffice to say, it emerges at the outset there is no dispute about the assessee to have derived its exempt income from dividends of Rs.4,28,402/-. The assessee's only case before us in light of the tribunal's co-ordinate bench(es) order(s) in AYs.2009-10 and 2010-11 is that the only exempt income yielding investments have to be considered whilst computing the impugned administrative expenditure disallowance.

4. Learned departmental representative fails to rebut the clinching fact that the impugned computation has not followed the foregoing computation. We thus quote hon'ble Kolkata high court's decision PCIT Vs. R.E.I.Agro Ltd., G.A.No.3581 of 2013, ITA No.220 of 2013 as well as the tribunal's earlier orders (supra) and direct the Assessing Officer to restrict the impugned disallowance only to the extent of exempt income yielding investments in the relevant previous year. Necessary computation to follow as per law. Ordered accordingly.

5. This assessee's appeal is accepted for statistical purposes in above terms.

*Order pronounced in the open court on 23<sup>rd</sup> June, 2021*

Sd/-  
**(LAXMI PRASAD SAHU)**  
**ACCOUNTANT MEMBER**

Sd/-  
**(S.S.GODARA)**  
**JUDICIAL MEMBER**

Hyderabad, Dated: 23-06-2021

*Copy to :*

*1.M/s.Avanti Feeds Limited, 6-3-658, Concord Apartments,  
Somajiguda, Hyderabad.*

*2.Deputy Commissioner of Income Tax, Circle-1(1),  
Hyderabad.*

*3.CIT(Appeals)-1, Hyderabad.*

*4.Pr.CIT-1, Hyderabad.*

*5.D.R. ITAT, Hyderabad.*

*6.Guard File.*