आयकरअपीलीयअधिकरण, विशाखापटणम पीठ, विशाखापटणम

IN THE INCOME TAX APPELLATE TRIBUNAL,
VISAKHAPATNAM BENCH, VISAKHAPATNAM

श्री दुव्वूरु आर एल रेड्डी, न्यायिक सदस्य एवं श्री एस बालाकृष्णन, लेखा सदस्य के समक्ष
BEFORE SHRI DUVVURU RL REDDY, HON'BLE JUDICIAL MEMBER &
SHRI S BALAKRISHNAN, HON'BLE ACCOUNTANT MEMBER

आयकर अपील सं**./I.T.A.No.211/Viz/2020**
(निर्धारण वर्ष **/ Assessment Year : 2015-16)**

M/s Dredging Corporation of India Ltd. Dredge House, HB Colony, Main Road Seethammadhara, Visakhapatnam **[PAN : AAACD6021B]**	Vs.	Asst.Commissioner of Income Tax Circle-3(1) Visakhapatnam

आयकर अपील सं**./I.T.A.No.54/Viz/2021**
(निर्धारण वर्ष **/ Assessment Year : 2015-16)**

Dy.Commissioner of Income Tax Circle-3(1) Visakhapatnam	Vs.	M/s Dredging Corporation of India Ltd. Dredge House, HB Colony, Main Road, Seethammadhara Visakhapatnam **[PAN : AAACD6021B]**

Cross Objection No.48/Viz/2021
(Arising out of I.T.A No.54/Viz/2021)

M/s Dredging Corporation of India Ltd. Dredge House, HB Colony, Main Road Seethammadhara Visakhapatnam **[PAN : AAACD6021B]**	Vs.	Dy.Commissioner of Income Tax Circle-3(1) Visakhapatnam

निर्धारिती की ओर से/ Assessee by	:	Shri G.V.N.Hari, AR
राजस्व की ओर से / Revenue by	:	Shri M.N.Murthy Naik, CIT(DR)
सुनवाई की तारीख / Date of Hearing	:	18.07.2022
घोषणा की तारीख/Date of Pronouncement	:	09.09.2022

आदेश /O R D E R

Per Shri Duvvuru RL Reddy, Judicial Member :

These appeals are filed by the assessee and the revenue against the order of the Commissioner of Income Tax [in short, "CIT(A)"]-1, Visakhapatnam in ITA No.10234/2017-18/CIT(A)-1/VSP/2020-21 dated 21.08.2020 for the Assessment Year (A.Y.) 2015-16 and the cross objections are filed by the assessee in support of the order of the Ld.CIT(A).

2. Brief facts of the case are that the assessee company is a public sector undertaking engaged in executing offshore dredging activities under the Ministry of Shipping, Govt. of India, filed its return of income for the A.Y.2015-16 electronically on 23.09.2015 declaring a total income of Rs.8,21,67,900/- and claiming a refund of Rs.14,80,79,080/-. Subsequently, the assessee company filed it's revised return of income on 07.05.2016, admitting total income of Rs.8,59,91,810/- and claiming a refund of Rs.14,61,78,510/-. The case was selected for limited scrutiny under CASS and a notice u/s 143(2) was issued to the assessee on 07.04.2016. Assessment order u/s 143(3) of the Income Tax Act, 1961 (in short 'Act') was passed on 18.12.2017 with the addition of other operating revenue of Rs.9,43,65,403/-.

3. Aggrieved by the order of the AO, the assessee preferred an appeal before the CIT(A) and the Ld.CIT(A) partly allowed the appeal of the assessee.

4. Aggrieved by the order of the Ld.CIT(A) the assessee preferred an appeal before the Tribunal and raised the following grounds :

1. The order of the learned Commissioner of Income Tax (Appeals) is contrary to the facts and also the law applicable to the facts of the case.

2. The learned Commissioner of Income Tax (Appeals) is not justified in sustaining the additions made by the assessing officer by disallowing exemption under Tonnage Tax Scheme by treating the following amounts as not received from core activity of dredging / shipping of the appellant company and assessing these incomes separately.

a. Rs.3,30,665 received towards 'recovery towards leased quarters'.

b. Rs.61,500 received towards 'staff car recoveries'.

c. Rs.2,94,250 received towards 'sale of tender documents'

d. Rs.2,21,31,709 received towards 'liquidated damages'.

e. Rs.1,49,292 received towards 'rent on hiring of quarters / offices'.

f. Rs.10,09,086.65 towards 'miscellaneous income'.

3. Without prejudice to the above, the appellant submits that if the learned Commissioner of Income Tax (Appeals) is of the view that the above said amounts are not eligible for exemption under tonnage tax scheme then he ought to have directed the assessing officer to allow the deduction for the expenditure incurred for earning the above amounts.

4. Any other grounds may be urged at the time of hearing.

5. Ground No.1, 3 and 4 are general in nature which does not require specific adjudication.

6. Ground Nos.2(a) to 2(f) are related to disallowance of 'other operating revenue' claimed by the assessee as exempt income. The AO observed that the assessee company has been filing its return of income under the Tonnage Tax Scheme as per section 115VE of the Act. The AO, on perusal of the information and submissions furnished, observed that the assessee company had clubbed the 'other operating revenue' earned of Rs.9,43,65,403/- with the revenue from Core Dredging Services and claimed exemption as per the provisions of Tonnage Tax Scheme. The AO noticed that the 'other operating revenue' does not have any correlation with the relevant shipping income from core activities and incidental activities. The core activity and incidental activity for the relevant shipping income has been clearly defined by the Act and at no place there is any specific mention of such other operating income and other income as claimed by the assessee that can be included as core or incidental activity. The receipts are not exclusive and unique to the assessee's line of business as they are of general nature and commonly occur in any other business

activity, be it manufacturing, mining, transportation or generation of power. Since the receipts do not fall under the purview of Tonnage Tax either in core activity or incidental activity of shipping as per the provisions of Chapter XII-G, the AO viewed same is to be added as income from non-core activity of dredging operations. The AO observed that the assessee company had claimed an amount of Rs.8,49,74,705/- and Rs.2,24,96,730/- for the A.Y.2014-15 and 2013-14 respectively, which was added back to the taxable income as income from non-core activity. Maintaining consistency in the view taken by the department in the earlier years on the above issues, the AO disallowed the 'other operating revenue' and added to the taxable income as income derived from non core activity.

7. On being aggrieved, the assessee preferred an appeal before the CIT(A) and the Ld.CIT(A) confirmed the addition made by the AO and dismissed the appeal of the assessee on this ground that the issue has been in dispute from 2006-07 to 2012-13, the AO has been consistently holding that this receipt is not part of core activity of the assessee, the Ld.CIT(A) has been confirming the addition and the Tribunal has also been holding consistently that this item of income is not part of core activity.

8. On being aggrieved, the assessee preferred an appeal before the Tribunal. The Ld.AR submitted that the Ld.CIT(A) is not justified in sustaining the addition made by the AO by disallowing exemption under Tonnage Tax Scheme by treating the amounts as not received from core activity of dredging / shipping of the assessee company. Therefore, pleaded to set aside the orders passed by the lower authorities and allow the appeal of the assessee on this ground.

9. On the other hand, the Ld.DR relied on the orders passed by the lower authorities and pleaded to uphold the orders passed and dismiss the appeal of the assessee on this ground.

10. We have heard both the parties and perused the material placed on record. It is evident that the Tribunal in I.T.A.No.437/Viz/2017 and I.T..A No.464/Viz/2017 dated 05.10.2018, dismissed the appeal of the assessee on this ground, relying on the decision of the coordinate bench of the Tribunal in the assessee's own case in I.T.A No.78-80/Viz/2014 dated 25.10.2007 holding that the income from the receipts cannot be considered to be connected with dredging activity. For the sake of clarity and convenience, we extract relevant part of the order of the Tribunal as follows :

"19. The Ld.CIT(A) has followed the order of this Tribunal in assessee's own case. Similar issue has come up before this Tribunal in the assessee's own case with regard to the above nature of receipts including miscellaneous income. This Tribunal in I.T.A. No.78-80/Viz/2014 dated 25.10.2007 held that the income from the above receipts cannot be considered to be connected with the dredging activity. For ready reference, we extract para No.9.3 of the order of the Tribunal which reads as under :

> *"9.3 We have heard both the parties and perused the material placed on record. While deciding the issue with regard to the liquidated damages and arbitration award, we have elaborately discussed the issue what constitutes core income. The assessee has opted for tonnage tax scheme under the provisions of 115VI under Chapter XIIG of I.T. Act. This is known as tonnage tax scheme under which the income is computed at specified rate, net tonnage of the ship under section 115VG. The definition of core activities has been defined as activities from operating qualifying ships and other shipping related activities. Therefore, the interest received on delayed payments and other miscellaneous receipts such as recruitment fee, cancellation of DD, seminar expenses, EMD forfeited, vender registration form/tender form, transportation of pipeline guarantee amount forfeited and miscellaneous receipts (bifurcation under process) cannot be held to be received from the shipping activities. Therefore, we do not find any infirmity in the order of the Ld. CIT(A) and the appeals of the assessee are dismissed."*

19.2. Respectfully following the view taken by the Tribunal in the assessee's own case, we uphold the order of the Ld.CIT(A) and dismiss the appeal of the assessee."

With respect to ground No.2(d) regarding receipt of an amount of Rs.2,21,31,709/- towards 'Liquidated Damages', the Ld.CIT(A) relied on the decision of the coordinate bench of the Tribunal in assessee's own case in I.T.A.No.437/Viz/2017 for the A.Y.2012-13 and dismissed the appeal of the assessee. For the sake of clarity and convenience, we extract relevant part of the order of the ITAT as under :

"8. We have considered the submissions made by both the parties and perused the material placed on record. This Tribunal has decided the identical issue for the assessment year 2009-10 to 2011-12 in I.T.A. Nos.555/Viz/2013, 602/Viz/2013, 78-80/Viz/2014 and 167/Viz/2016 in assessee's own case dated 25.10.2017 and upheld the addition made by the AO with regard to the receipt of liquidated damages. For the sake of clarify and convenience, we extract relevant part of the order of this Tribunal in para Nos. 4.3. to 4.4 which reads as under :

> *"4.3 We have heard both the parties and perused the material placed on record. In the earlier order the coordinate bench interpreted the word used in shipping income u/s 115VI 'Income from' holding that it is akin to the term derived from since both the Ld. A.R. and the Ld. D.R. agreed that the term derived from is akin to 'Income from'. However, in the present appeals, the Ld. D.R. vehemently opposed and argued that there is no reason to interpret the 'Income from' since the shipping income and the incidental income is clearly defined in section 115 VI and Rule 11R. We have carefully considered the argument of the Ld. D.R. and the Ld. A.R. and also gone through the orders of the Hon'ble ITAT. Since the Ld. D.R. disagreed, we are of the considered view that section 115VI and Rule 11R defined the income from shipping and incidental activities very clearly and there is no ambiguity in the Act and there is no need for separate interpretation using the word 'derived from'. Accordingly, we decide the issue whether liquidated damages forms part of core income or not? The liquidated damages are collected from the various contractors as compensatory payment for failure to execute the contract works within the stipulated time. Those are the receipts compensatory in nature but not from the activity of shipping. The income from shipping activity for the purpose of computation of tonnage tax is defined in section 115VI as under:*
>
> ***Relevant shipping income.***
>
> ***115VI.*** *(1) For the purposes of this Chapter, the relevant shipping income of a tonnage tax company means—*
>
> *(i) its profits from core activities referred to in sub-section (2);*
>
> *(ii) its profits from incidental activities referred to in sub-section (5):*
>
> ***Provided*** *that where the aggregate of all such incomes specified in clause (ii) exceeds one-fourth per cent of the turnover from core activities referred to in sub-section (2), such excess shall not form part of the relevant shipping income for the purposes of this Chapter and shall be taxable under the other provisions of this Act.*

(2) The core activities of a tonnage tax company shall be—

(i) its activities from operating qualifying ships; and

(ii) other ship-related activities mentioned as under:—

(A) shipping contracts in respect of—

(i) earning from pooling arrangements;

(ii) contracts of affreightment.

Explanation.—For the purposes of this sub-clause,—

(a) "pooling arrangement" means an agreement between two or more persons for providing services through a pool or operating one or more ships and sharing earnings or operating profits on the basis of mutually agreed terms;

(b) "contract of affreightment" means a service contract under which a tonnage tax company agrees to transport a specified quantity of specified products at a specified rate, between designated loading and discharging ports over a specified period;

(B) specific shipping trades, being—

(i) on-board or on-shore activities of passenger ships comprising of fares and food and beverages consumed on board;

(ii) slot charters, space charters, joint charters, feeder services, container box leasing of container shipping.

(3) The Central Government, if it considers necessary or expedient so to do, may, by notification in the Official Gazette, exclude any activity referred to in clause (ii) of sub-section (2) or prescribe the limit up to which such activities shall be included in the core activities for the purposes of this section.

(4) Every notification issued under this Chapter shall be laid, as soon as may be after it is issued, before each House of Parliament, while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the notification, or both Houses agree that the notification should not be issued, the notification shall thereafter have effect only in such modified

form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that notification.

(5) The incidental activities shall be the activities which are incidental to the core activities and which may be prescribed[4] for the purpose.

(6) Where a tonnage tax company operates any ship, which is not a qualifying ship, the income attributable to operating such non-qualifying ship shall be computed in accordance with the other provisions of this Act.

(7) Where any goods or services held for the purposes of tonnage tax business are transferred to any other business carried on by a tonnage tax company, or where any goods or services held for the purposes of any other business carried on by such tonnage tax company are transferred to the tonnage tax business and, in either case, the consideration, if any, for such transfer as recorded in the accounts of the tonnage tax business does not correspond to the market value of such goods or services as on the date of the transfer, then, the relevant shipping income under this section shall be computed as if the transfer, in either case, had been made at the market value of such goods or services as on that date:

Provided *that where, in the opinion of the Assessing Officer, the computation of the relevant shipping income in the manner hereinbefore specified presents exceptional difficulties, the Assessing Officer may compute such income on such reasonable basis as he may deem fit.*

Explanation.—For the purposes of this sub-section, "market value", in relation to any goods or services, means the price that such goods or services would ordinarily fetch on sale in the open market.

(8) Where it appears to the Assessing Officer that, owing to the close connection between the tonnage tax company and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the tonnage tax company more than the ordinary profits which might be expected to arise in the tonnage tax business, the Assessing Officer shall, in computing the relevant shipping income of the tonnage tax company for the purposes of this Chapter, take the amount of income as may reasonably be deemed to have been derived therefrom.

Explanation.—For the purposes of this Chapter, in case the relevant shipping income of a tonnage tax company is a loss, then, such loss shall be ignored for the purposes of computing tonnage income.

4. See rule 11R.

Similarly, profits from incidental activities are defined in Rule 11R as under :

Incidental activities for purposes of relevant shipping income.

11R. *The incidental activities (details given in Note 5 appearing after the corresponding Form No. 66) referred to in sub-section (5) of section 115V-I shall be the following, namely :—*

(i)	*maritime consultancy charges;*
(ii)	*income from loading or unloading of cargo;*
(iii)	*ship management fees or remuneration received for managed vessels; and*
(iv)	*maritime education or recruitment fees.*

4.4. The liquidated damages collected from various contractors do not cover any of the receipts in section 115VI or within the scope of Rule 11R of I.T. Act. There is no dispute that the assessee had opted for tonnage tax scheme and the income has to be computed as per section 115VI and Rule 11R of I.T. Act. Under the tonnage tax scheme, only the receipts from core activities and receipts from incidental activities are included, which means that core activities and incidental activities should be the source of profit to be included under tonnage scheme. As regards the liquidated damages the source of such income is payment for failure to execute the contract works within the stipulated time and not the shipping activity either core or incidental. Though the liquidated damages may be incidental business income but the same is not the profit from core activities or incidental activities which have been defined in the Act. They are not directly received from the shipping activity but are compensatory in nature collected from the contractors for failure to execute contract. Therefore, liquidated damages cannot be held to be from the core activity of the shipping and does not form part for computation in tonnage tax. The reliance placed by the Ld.AR in the case of Prakash Oils Ltd of Hon'ble High Court of Madhya Pradesh is related to the computation of profits and gains derived from industrial undertaking u/s 80IA but not related to the tonnage tax u/s 115VI of I.T. Act. Profits and gains for the purpose of industrial undertaking required to be computed as per the provisions of section 28 to 43C of I.T. Act and the deduction required to be allowed u/s 80IA of I.T. Act from the business income. Whereas in the case of tonnage tax as provided u/s 115VI, the income required to be computed as per Chapter XIIG of I.T. Act at the option of the assessee. Once, the assessee opts tonnage tax scheme, the income of the assessee from shipping company required to be computed as

> *provided in Chapter XIIG .Therefore, the decision relied upon by the Ld.AR is distinguishable and not applicable in the assessee's case. Accordingly, we hold that Ld.CIT has rightly confirmed the addition and dismissed the appeal of the assessee on this ground.*
>
> *8.1. Since the issue involved in this appeal is identical, respectfully following the view taken by the Coordinate Bench of this Tribunal, we uphold the order of the Ld.CIT(A) and dismiss the appeal of the assessee on this ground.*

On careful examination of the orders of the lower authorities and the decision of the coordinate bench of the Tribunal, it is evident that the income received and claimed by the assessee as exempt income, do not fall under the purview of Tonnage Tax either in core activity or incidental activity of shipping as per the provisions of Chapter XII-G and the same is to be added as income from non-core activity of dredging operations.

As regards the liquidated damages the source of such income is payment for failure to execute the contract works within the stipulated time and not the shipping activity either core or incidental. Though the liquidated damages may be incidental business income but the same is not the profit from core activities or incidental activities which have been defined in the Act. They are not directly received from the shipping activity but are compensatory in nature collected from the contractors for failure to execute contract. Therefore, liquidated damages cannot be held to be from the core activity of the shipping and does not form part for computation in tonnage tax.

We, therefore, find no infirmity in the orders passed by the lower authorities and respectfully following the decision laid down by the Hon'ble Tribunal in assessee's own case for the previous relevant assessment years, we uphold the order of the lower authorities and dismiss the appeal of the assessee on this ground.

I.T.A.No.54/Viz/2021, A.Y.2015-16

11. The revenue has raised the following grounds of appeal :

1. *The order of the Ld.CIT(A) is erroneous both on facts and in law.*
2. *The Ld.CIT(A) erred in holding income from sale of scrap, sale of empties, sale of waste oil, exchange difference and machinery scrap sales as part of income from core business, as they are not falling in the purview of provision of incidental to the core business.*
3. *The appellant craves leave to add or delete or amend or substitute any ground of appeal before and / or at the time of hearing of appeal.*
4. *For these and other grounds that may be urged at the time of appeal hearing, it is prayed that these above additions made on relevant disallowances be restored.*

12. Ground No.1,3 and 4 are general in nature, which does not require any specific adjudication.

13. Ground No.2 is related to the receipts on account of sale of scrap, sale of empties, sale of waste oil, exchange difference and machinery scrap sales.

The AO treated the receipts from the above activities as non core receipts and accordingly brought to tax.

14. Aggrieved by the order of the AO, the assessee preferred an appeal before the CIT(A) and the Ld.CIT(A) relying on the decision of the coordinate bench of ITAT in ITA No.6 to 8 and 15 to 17/2011 for the A.Y.2006-07, 2007-08 and 2008-09 directed the AO to delete the addition made and allowed the appeal of the assessee.

15. Aggrieved by the order of the Ld.CIT(A), the revenue preferred an appeal before the Tribunal and submitted that the Ld.CIT(A) erred in holding that the income from sale of scrap, sale of empties, sale of waste oil, exchange difference and machinery scrap sales as part of income from core business, as they are not falling in the purview of provision of incidental to the core business. Therefore, the Ld.DR pleaded to set aside the order of the Ld.CIT(A) and allow the appeal of the revenue on this ground.

16. We have heard both the parties and perused the material placed on record. It is evident that the Tribunal in assessee's own case in I.T.A. No.464/Viz/2017 decided the issue against the revenue on the same issue for the A.Y.2012-13, relying on the assessee's own case for the A.Y.2009-10 to 2011-12 in I.T.A.No.555/Viz/2013, 602/Viz/2013, 78-80/Viz/2014 and

167/Viz/2016. For the sake of clarity and convenience, we extract relevant part of the order of the Tribunal in I.T.A.No.464/Viz/2017 which reads as under :

> *"24. Ground Nos. 2 and 3 are related to the receipts on account of sale of scrap, sale of empties, sale of condemned stores and spares and sale of waste oil, sale of assets and exchange difference. The AO treated the receipts from the above activity as non core receipts and accordingly brought to tax other than the income from tonnage tax scheme.*
>
> *25. On appeal before the CIT(A), the Ld.CIT(A) held that the receipts by way of sale of scrap, exchange difference, insurance claim are having direct nexus with the dredging activity and such receipts are required to be considered as income from core activity. The Ld.CIT(A) followed the order of this Tribunal in assessee's own case for the assessment year 2006-07 to 2008-09 supra. The Ld.CIT(A) also applied the ratio of the decision of Hon'ble Apex Court in the case of Pandian Chemicals Ltd. Vs. CIT(2003) (262 ITR 278).*
>
> *26. Against the order of theLd.CIT(A), the revenue has filed appeal before this Tribunal.*
>
> *27. We have heard both the parties and perused the material placed on record. The issue is squarely covered against the revenue in the assessee's own case for the assessment year 2009-10 to 2011-12 in I.T.A. Nos.555/Viz/2013, 602/Viz/2013, 78-80/Viz/2014 and 167/Viz/2016. For the sake of clarity, we extract para No.12 of the order which reads as under :*
>
> > *12. We have heard both the parties and perused material placed on record. The Hon'ble ITAT, Visakhapatnam in ITA No. 6 to 8 and 15 to 17/Vizag/2011 dated 25.7.2007 in assessee's own case allowed the appeal of the assessee holding that the income from the above receipts forms part of the income from the core activity of operating the qualifying ships. For ready reference, we reproduce Para No.9 of the ITAT's order supra which reads as under:*
> >
> > > ***9.*** *In the case of Dy. CIT v. Core Healthcare Ltd. [2009] 308 ITR 263 (Guj.), the question whether the income generated from the sale of empty containers can be treated as income derived from industrial undertakings was raised before the High Court. The question was answered in affirmative and for the sake of convenience, we extract below the relevant head note:*

"Held that it was an accepted position that the empty containers, which were sold, were containers in which raw material in bulk had been purchased by the assessee. The cost of the containers was part of the purchase price which went to make up the total cost of the manufactured product and was thus directly relatable to the manufacturing activity of the industrial undertaking. The income generated on sale of such empty containers could be set off against the purchase cost, in other words bringing down the purchase price of raw material, or it could be treated as income directly relatable to the activity of industrial undertaking. The net result would be the same-either the cost of raw material gets reduced and thus increases profits of manufactured products on sale or the sale price of containers is directly added to swell the total profits. Therefore, in the light of the decision of this High Court in the case of Dy.CIT v. Harjivandas Juthabhai Zaveri [2002] 258 ITR 785 , there was no infirmity in the impugned order of the Tribunal".

Applying the above said ratio, the income received by the assessee on sale of scraps and sale of assets could be treated as income directly relatable to the activity of operating qualifying ships. Accordingly, we affirm the order of Learned CIT(A) on these two types of income.

***9.1** The amount received on insurance claim was held to be derived from industrial undertaking by Hon'ble Delhi High Court in the case of CIT v. Sportking India Ltd . [2010] 324 ITR 283/[2009] 183 Taxman 312. By following the ratio of the said decision, we uphold the decision of Learned CIT(A) on this issue.*

The Ld. D.R did not controvert or bring any other order to support that the income was from non core activity. Therefore respectfully following the order of this Tribunal we uphold the order of the Ld.CIT(A) and dismiss the appeal of the revenue for the above assessment years."

28. Since the facts are identical, respectfully following the view taken by the coordinate bench of this Tribunal, we uphold the order of the Ld.CIT(A) and dismiss the appeal of the revenue."

On careful perusal of the orders of the lower authorities and the decision of the Tribunal in assessee's own case, we find no infirmity in the

order passed by the Ld.CIT(A) and therefore uphold the order of the Ld.CIT(A) and dismiss the appeal of the revenue on this ground.

CO No.48/Viz/2021

17. The assessee filed the following cross objections in support of the order of the Ld.CIT(A) :

1. The learned Commissioner of Income Tax (Appeals) is justified in directing the assessing officer to treat the following income as received from core activity of dredging / shipping of the respondent company.

Nature of Income			*Rs.*
i)	*Sale of scrap*	*:*	*3,49,99,784*
ii)	*Sale of empties*	*:*	*8,65,345*
iii)	*Sale of waste oil*	*:*	*17,03,358*
iv)	*Exchange Difference*	*:*	*58,96,010*
v)	*Condemned machinery scrap sales:*		*2,69,23,863*

2. Any other grounds of cross-objections that may be raised at the time of hearing.

Since the ground raised by the revenue on this issue is dismissed, the cross objections filed by the assessee become infructuous, hence dismissed.

18. In the result, appeal and cross objections of the assessee as well as the appeal of the revenue are dismissed.

Order Pronounced in open Court on 9th September, 2022.

Sd/-	Sd/-
(एस बालाकृष्णन)	**(दुव्वूरु आर.एल रेड्डी)**
(S.BALAKRISHNAN)	**(DUVVURU RL REDDY)**
लेखा सदस्य/ACCOUNTANT MEMBER	**न्यायिकसदस्य/JUDICIAL MEMBER**

Dated : 09.09.2022
L.Rama, SPS

आदेश की प्रतिलिपि अग्रेषित/Copy of the order forwarded to:-

1. निर्धारिती/ The Assessee– M/s Dredging Corporation of India Ltd. Dredge House, HB Colony, Main Road, Seethammadhara, Visakhapatnam
2. राजस्व/The Revenue – Asst.Commissioner of Income Tax. Circle-3(1) Visakhapatnam
3. प्रधान आयकर आयुक्त / The Principal Commissioner of Income Tax-1, Visakhapatnam
4. The Commissioner of Income Tax (Appeals)-1, Visakhapatnam
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, विशाखापटणम/ DR,ITAT, Visakhapatnam
6. गार्ड फ़ाईल / Guard file

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Visakhapatnam