

**IN THE INCOME TAX APPELLATE TRIBUNAL,
DELHI BENCH: 'B' NEW DELHI**

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
AND
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

ITA Nos. 94, 93 & 92/Del/2024
Assessment Years: 2014-15, 2015-16 & 2017-18

M/s. Gyan Enterprises Pvt. Ltd., 4 th Floor, Punjabi Bhawan, 10 Rouse Avenue, Delhi	Vs.	DCIT, Circle-10(2), New Delhi
PAN: AAACG0512G		
(Appellant)		(Respondent)

With

ITA Nos. 109 & 176/Del/2024
Assessment Years: 2014-15 & 2015-16

ACIT (OSD), Range-10, New Delhi	Vs.	M/s. Gyan Enterprises Pvt. Ltd., 4 th Floor, Punjabi Bhawan, 10 Rouse Avenue, Delhi
PAN: AAACG0512G		
(Appellant)		(Respondent)

Assessee by	Sh. M.P. Rastogi, Adv. Sh. Shivam Malik, Adv.
Department by	Sh. Rajesh Kumar Dhanesta, Sr. DR

Date of hearing	27.05.2025
Date of pronouncement	27.05.2025

ORDER

PER SATBEER SINGH GODARA, JM

The instant batch of five appeals pertains to the single assessee herein M/s. Gyan Enterprises Pvt. Ltd. It's three appeals ITA Nos. 94, 93 & 92/Del/2024 for assessment years 2014-15,

2015-16 & 2017-18 with Revenue's cross appeals ITA No.109/Del/2024 and 176/Del/2024 in former twin assessment years; are directed against CIT(A)/NFAC's as many separate orders dated 16.11.2023, 23.11.2023 and 06.12.2023 having DINs and Orders no. ITBA/NFAC/S/250/2023-24/1058003320(1), ITBA/NFAC/S/250/2023-24/1058170444(1) and ITBA/NFAC/S/250/2023-24/1058499888(1), assessment years-wise; respectively, involving proceedings under section 143(3) of the Income-tax, 1961 (in short 'the Act')

2. Heard both the parties. Case files perused. We proceed assessment years wise for the sake of convenience and brevity.

AY: 2014-15

ITA No.94/Del/2024 (Assessee's appeal)

ITA No.109/Del/2024 (Revenue's cross appeal)

3. It emerges during the course of hearing that the Assessing Officer's assessment framed on 28.12.2016 had inter alia invoked section 14A read with Rule 8D disallowance of Rs. 5,07,18,790/-; section 36(1)(iii) disallowance of Rs.45,85,997/- and section 40A(2) disallowance of Rs. 83 lakhs; respectively, which stand partly upheld in the CIT(A)/NFAC's lower appellate discussion, reading as under:

“6. Appellant Findings

I have considered the assessment order, the submissions of the appellant and the material on record. The various grounds of appeal are adjudicated upon as below: -

7. Ground No.1: This Ground has been raised against the action of the A.O in making an addition of Rs.5,07,18,790/- U/s 14A Rs 62,03,400/- over and above the disallowance made by the appellant. 7.1 I have considered the assessment order and the submissions of the appellant.

The disallowance u/s 14A is in 3 parts. Each of the parts is discussed in the subsequent paragraphs

7.2 Clause (i) This pertains to expenses directly related to the exempted income. Under this head the appellant had not disallowed any amount in its computation. However the A.O has made the following disallowances

Portfolio management Charges of Rs 44.23 lakhs

Legal and professions fees Rs 15.30 lakhs

Business promotion expenses of Rs 35.16 lakhs

7.2.1 Portfolio Management Charges of Rs 44.23 lakhs

Looking to the financial of the appellant company it is seen that the appellant has received dividend of Rs 32.69 lakhs as well as long term capital gains of Rs 4.07 crores both of which are exempt. The PMC charges have been paid to M/s Guardian Advisors Pvt Ltd for providing portfolio management services and this entity managed the portfolio of the assessee company. The appellant being an investment company, the business activity is related to investment in shares and mutual funds and earning of income by way of dividends and capital gains on the investments. Since the entire portfolio is being managed by the PMS provider, it is reasonable to say that the payment made to this company is directly related to the dividend and the capital gains earned on these investments. Notwithstanding that during the year majority of the dividend has been received from Dabur India in which the appellant is a key promoter. The fact of the matter is that the PMS provider manages the entire portfolio and provides advice with regard to balancing the portfolio and when to purchase and sell shares to ensure a good mix of shares which would promote the interests of the client appellant company. Further capital gains have been earned on shares sold from this portfolio which is managed by the PMS provider M/s Guardian Advisors. Accordingly, I am in agreement with the A.O that the payment of Rs 44.23 lakhs made on account of Portfolio management charges is directly related to the

exempted income and hence the would qualify under clause (i) of Rule 8D for purposes of calculation the disallowance u/s 14A of the Act.

7.2.2 Legal and Professional fees of Rs 15.30 lakhs

These expenses have been incurred for legal fees, legal, professional and consultancy charges, Professional and consultancy charges and custody fees. I am of the opinion that these expenses cannot be said to be directly related to the earning of the exempted income as they cover a wide range of activities and are in the nature of general expenses. Accordingly, the addition made by the A.O under clause(i) of Rule 8D on this account is deleted.

7.2.3 Business promotion expenses of Rs 35.16 lakhs

These expenses have been incurred for attending business meeting at various places and for exploring global business opportunities which includes travelling, entertainment and other expenses. While the overall purpose of such business promotion is in a broad sense for the promotion of its business in shares and mutual funds investments but it cannot be said that such expenses are directly related to the earning of the exempt income as they cover a wide range of activities and are in the nature of general business expenses. Accordingly, the addition made by the A.O under clause(i) of Rule 8D on this account is deleted.

7.2.4 In view of the above, out of the total disallowance of Rs 96,69,410/- made under clause (i) of Rule 8D(2), only the amount of Rs 44,23,124 is sustained and the rest is deleted.

7.3 Clause (ii) Disallowance of Interest of Rs 301,73,872

The appellant has incurred interest expenses of Rs 5,49,27,094 during the year of which no amount has been disallowed by it under clause (ii) of Rule 8D. The A.O did not concur with the contentions of the appellant and computed the disallowance of Rs 30173872 on a proportionate basis as per the formula prescribed in the said clause. The appellant in its submissions has argued that it has enough interest free funds available with it and that none of the borrowed money was applied for earning exempt income

7.3.1 Having perused the balance sheet and the financials of the appellant company, I am in agreement with this contention given the fact that the appellant has a net worth being reserves and surplus of Rs 360 crores as on 31.3.2014 which is more than the investments of Rs 275 appearing in the balance sheet as on 31.3.2014 and of Rs 197 crores as on 31.3.2013. This is further borne out by the fact that the interest paid on borrowed money of Rs 5.69 crores is less the interest earned on loans advanced of Rs 14.42 crores. The overall picture that

emerges is that the appellant had sufficient funds of its own to cover the investments which earned the exempted income.

7.3.2 The courts have held that if the assessee has sufficient funds of its own by way of reserves and surpluses then no disallowance is to be made out of the interest payments under clause (ii) of Rule 8D. The Hon'ble Supreme Court in the case of South Indian Bank vs CIT vide order dated 9th September, 2021 has held that:-

17. In a situation where the assessee has mixed fund (made up partly of interest free funds and partly of interest bearing funds) and payment is made out of that mixed fund, the investment must be considered to have been made out of the interest free fund. To put it another way, in respect of payment made out of mixed fund, it is the assessee who has such right of appropriation and also the right to assert from what part of the fund a particular investment is made and it may not be permissible for the Revenue to make an estimation of a proportionate figure. For accepting such a proposition, it would be helpful to refer to the decision of the Bombay High Court in Pr. CIT v. Bombay Dyeing and Mfg. Co. Ltd² where the answer was in favour of the assessee on the question, whether the Tribunal was justified in deleting the disallowance under Section 80M of the Act on the presumption that when the funds available to the assessee were both interest free and loans, the investments made would be out of the interest free funds available with the assessee, provided the interest free funds were sufficient to meet the investments. The resultant SLP of the Revenue challenging the Bombay High Court judgment was dismissed both on merit and on delay by this Court.

18. In the above context, it would be apposite to refer to a similar decision in Commissioner of Income Tax (Large Tax Payer Unit) Vs. Reliance Industries Ltd³ where a Division Bench of this Court expressly held that where there is finding of fact that interest free funds available to assessee were sufficient to meet its investment it will be presumed that investments were made from such interest free funds,

19. In HDFC Bank Ltd. Vs Deputy Commissioner of Income Tax⁴, the assessee was a Scheduled Bank and the issue therein also pertained to disallowance under Section 14A. In this case, the Bombay High Court even while remanding the case back to Tribunal for adjudicating afresh observed (relying on its own previous judgment in same assessee's case for a different Assessment Year) that, if assessee possesses sufficient interest free funds as against investment in tax free securities then, there is a presumption that investment which has been made in tax free securities, has come out of interest free funds available with assessee. In such situation

Section 14A of the Act would not be applicable. Similar views have been expressed by other High Courts in CIT Vs. Suzlon Energy Ltd.⁵, CIT Vs. Microlabs Ltd.⁶ and CIT Vs. Max India Ltd.⁷ Mr. S Ganesh the learned Senior Counsel while citing these cases from the High Courts have further pointed out that those judgments have attained finality. On reading of these judgments, we are of the considered opinion that the High Courts have correctly interpreted the scope of Section 14A of the Act in their decisions favouring the assesseees.

20. Applying the same logic, the disallowance would be legally impermissible for the investment made by the assesseees in bonds/shares using interest free funds, under Section 14A of the Act. In other words, if investments in securities is made out of common funds and the assessee has available, non-interest-bearing funds larger than the investments made in tax-free securities then in such cases, disallowance under Section 14A cannot be made.

7.3.3 In view of the decision of the Hon'ble Supreme Court(supra) and in the absence of any evidence put forth by the A.O to show that the borrowed funds had been diverted for making the investments, the proportionate disallowance of interest of Rs 301,73,872 under section 14A read with clause (ii) of Rule 8D is deleted.

7.4 Clause (iii) Disallowance of 5 percent of average investment of Rs 11075508.

The A.O has worked out the disallowance by taking 5 percent of the average value of investments as appearing in the balance sheet of the assessee on the first day and the last day of the year. The appellant has disallowed a sum of Rs 13,26,748 by taken salary and certain other expenses and has contended that the disallowance is reasonable and the disallowance of 5 percent is without any basis. I am unable to agree with the contentions of the appellant. Rule 8D provides a complete formula as to what expenses are to be taken into account for arriving at the disallowance. The Rule specifically provides for the amount of such expenses to be included in the disallowance by way of one half percent of the average value of investment as appearing in the balance sheet. Hence the A.O is bound to make the calculation as provided in the Rule and cannot make any arbitrary judgement regarding the same and hence the contentions of the appellant cannot be accepted. What merits emphasis is that the jurisdiction of the Assessing Officer to determine the expenditure incurred in relation to such income which does not form part of the total income, in accordance with the prescribed method, arises if the Assessing Officer is not satisfied with the correctness of the claim of the assessee in respect of the expenditure which the assessee claims to have incurred in relation to income which does not part of the total

income. But as per the provisions of law once it is established that the assessee has in fact made investments on which tax-exempt income is earned then the A.O is bound to work out the expenditure in relation to such income as per the method provided in Rule 8D. The fundamental premise is undoubtedly that some expenditure, even if indirectly, has been made to earn such tax exempt income and Rule 8D provides for the calculation of the same. In the present case it is seen that the disallowance made by the A.O is on the basis of the average investment and not on account of the expenses debited to the P&L Account. Looking at the calculation in the assessment order it is seen that the amount of disallowance is arrived at only on account of the half percent of the average investment made and the A.O has not taken any items of expenditure etc from the P&L account. Thus, the A.O has not tried to impute any common expenses from the P&L account but has proceeded to calculate the amount of disallowance only on account to the half percent of the average investment made as per the Rule 8D. Accordingly, I find no infirmity in the action of the A.O in applying the provisions of clause (iii) of Rule 8D and hence the calculation of Rs 11075508 on this account is upheld.

7.5 The appellant has relied on the decision of the Hon'ble ITAT in its own case for A.Y 2010-11 wherein the Tribunal had granted relief on the issue of disallowance u/s 14A. However having perused the decision of the Hon'ble Tribunal it is seen that the relief was granted for that year in question since the A.O had mechanically applied the provisions of Rule 8D without countering the claim of the assessee and without rebutting it on cogent grounds. For the present year this is not the case. The A.O has discussed the claim made by the appellant and refuted it in para 3.1 to para 3.4 of his order. Further the A.O has worked out the disallowance under each of the clauses after giving his reasons. Although, the working of the AO for clause (i) has been modified and for clause (ii) has been deleted as per the above paragraphs, it cannot be said that the disallowance u/s 14A has been made without application of mind by the A.O. Accordingly, and most respectfully, it is humbly submitted that the reasons on the basis of which relief was given to the assessee in AY 2010-11 would not be applicable in the present assessment year.

For the aforesaid reasons, the addition u/s 14 rws 8D is computed as the total of Rs 44,23,124 clause(i) plus Nil under clause (ii) and Rs 11075508 under clause (iii) totaling Rs 1,54,98,632/- as against the addition of Rs 5,07,18,790/- made by the A.O. Accordingly, the Ground of Appeal is Allowed in Part.

8. Ground No 2: This Ground has been raised against the action of the A.O in making proportionate disallowance of interest of Rs. 45,8

5,997/- out of the total interest expense of Rs.5,69,27,094/- claimed by the appellant on account of interest free advances.

8.1 The A.O has noted in para 4 of the assessment order that the assessee had given interest free advances to various group companies and at the same time the assessee had claimed Rs 5.69 crores as interest expenses on borrowed funds. Accordingly, the A.O made a proportionate disallowance out of the interest expenses of Rs 45,85,997/-

8.2 The appellant on the other hand has contended that the loans and advances have been given by it to its subsidiary/associated companies to protect the investments made as a shareholder. Thus there was business expediency in providing the interest free loans and has relied on the decision of the Hon'ble Apex Court in the case of S.A Builders. Further looking to the financials of the appellant company it is seen that the appellant has reserves and surplus of Rs 360 crores as on 31.3.2014 which is more than the investments of Rs 275 appearing in the balance sheet as on 31.3.2014 and advances made of Rs 36.71 crores on that date. The overall picture that emerges is that the appellant had sufficient funds of its own to cover the investments as well as the advances made to sister/associated concerns. Furthermore, the A.O has not provided any evidence or analysis to show that the interest free loans were made out of the borrowed funds directly. Accordingly, for the aforesaid reasons the disallowance of Rs 45,85,997/- out of interest expenses is deleted. The Ground of Appeal is Allowed.

9. Ground No. 3: This ground has been raised against the action of the A.O in making a disallowance of Rs. 83,00,000/- U/s 40A(2) of the Income Tax Act, 1961 on account of salary paid to the director of the company.

9.1 The A.O has discussed this issue in para 5 of the assessment order. The appellant has claimed expense of Rs 95,00,000/- paid to M/s Divya Burman Director who is the wife of Shri Amit Burman holding 80 percent shares and the daughter in law of Ms Asha Burman holding 20 percent shares in the appellant company. Hence the payment made to Ms Divya Burman is covered u/s 40A(2)(b) of the Act. M/s Burman is a graduate of Lady Shri Ram college having no other professional qualifications as stated by the A.O. Further, she became a director in FY 2012-13 and no evidence of any prior work experience was submitted either during the assessment proceedings or in the instant appellate proceedings. Accordingly, I am in agreement with the A.O that Ms Burman having only worked for the first time for a period of 2 years in the appellant company would not justify an annual salary of Rs 95,00,000/- being paid to her. The A.O has

estimated the fair salary at Rs 1 lakh per month or Rs 12 lakhs p.a. However, considering that she is looking after operations and the day to day affairs, the estimated salary is enhanced to Rs 2.5 lakhs per month or Rs 30 lakhs p.a. Accordingly, the disallowance made by the A.O is restricted to Rs 65,00,000/-. The Ground of Appeal is Allowed in Part.”

This is what leaves both the assessee as well as the department aggrieved raising their respective corresponding substantive grounds.

4. It is in this factual background that the first and foremost issue which arises for our apt adjudication is that of correctness of the Assessing Officer's action invoking section 14A read with Rule 8D disallowing of Rs. 5,07,18,790/- in the assessee's hands. There is no dispute that the assessee had indeed derived its exempt income from dividends and sale of shares etc. Learned counsel vehemently argues that the Assessing Officer had not recorded any statutory satisfaction under section 14A(2) of the Act before invoking the impugned disallowance. We find no merit in the assessee's instant argument in light of assessment discussion in para 3.4 rejecting the assessee's explanation. Rejected accordingly.

5. Next comes equally important aspect of the quantification of the impugned disallowance. The Assessing Officer's above assessments inter alia held the portfolio management service

charges “PMS”, business promotion, legal and professional expenses as direct expenditure under Rule 8D(2)(i), totaling to Rs. 94,69,410/- which stands upheld only to the extent of the first and foremost head, as extracted in the preceding paragraphs. We make it clear that it has already come on record that the assessee is an investment company whose business activity is related to investment in shares and mutual funds resulting in dividends and capital gains etc. which carry statutory exemption for the purpose of taxability thereof. Learned counsel is equally fair in course of arguments in not having filed reconciliation of the impugned portfolio management service charges as related to any another business activity carried at the assessee’s behest. We thus find merit in both the learned lower authorities’ action disallowing the assessee’s impugned PMS charges of Rs. 44,23,124/- in issue. Rejected accordingly.

6. The Revenue’s cross appeal at this stage seeks to revive the Assessing Officer’s action disallowing business promotion, legal and professional as well as proportionate interest expenses (supra), involving varying sums which stand deleted in the lower appellate proceedings. It could hardly dispute the clinching fact that neither

the above former twin heads of expenditure have got any direct nexus with the assessee's exempt income nor the CIT(A)'s clinching findings that the assessee's interest free funds representing reserves and surplus of Rs. 360 crores as on 31st March, 2014, already exceeded its investments deriving exempt income; respectively in light of hon'ble apex court decision in South Indian Bank (supra). That being the case, we rejected the Revenue's vehement contention seeking to revive the impugned three heads of direct and proportionate interest free expenditure (supra) in very terms.

7. Learned counsel lastly invites our attention to both the learned lower authorities' action invoking Rule 8D(2)(iii) administrative expenditure disallowance of Rs. 1,10,75,503/-. His case is that the assessee has not incurred any administrative expenditure since the corresponding investment has been made in sister concerns' shares only. We find no merit in the assessee's argument as there is no exception in above computation excluding such investments from the purview thereof. We however find merit in the assessee's last argument that such a computation ought to include only the exempt income yielding investments in the

relevant previous year going by ACB India Ltd. Vs. ACIT (2015) 62 taxmann.com 71(Del). We accordingly direct the learned Assessing Officer to re-compute the impugned administrative expenditure disallowance in very terms and partly modify the CIT(A)'s above extracted findings to this limited extent. The assessee gets part relief in its first and foremost substantive grounds. The Revenue's corresponding first substantive ground fails accordingly.

8. The assessee's second and the Revenue's third substantive ground, seeks to reverse the CIT(A)'s action partly upholding the assessment findings disallowing the former's salary paid to the director from Rs. 83 lakhs to Rs. 65 lakhs only, as discussed in para 9 of the CIT(A)'s above extracted detailed discussion. There would be hardly any dispute that the impugned statutory disallowance comes into play when the departmental authorities find the corresponding payments of business expenditure made to the specified person/related parties in "excess" of the market rates. We wish to make it clear that there are no market rates explaining the Assessing Officer's action estimating the impugned salary to Rs.1 lakhs; as enhanced to Rs.2.5 lakhs, in the CIT(A)'s detailed discussion.

9. Faced with this situation, we hereby quote CBDT's landmark circular issued way back on 06.07.1968 and CIT Vs. Indo Saudi Services (Travel) Pvt. Ltd., (2009) 310 ITR 306 (Bom.) to conclude that such a disallowance is not sustainable even when both the payer and payee are assessed at the same rate. The assessee succeeds in its second substantial ground and Revenue fails in its third substantive ground in very terms. This former's appeal ITA No. 94/Del/2024 is partly allowed.

10. We stay back in the Revenue's cross appeal ITA No. 109/Del/202024 raising its second substantive ground seeking to revive section 36(1)(iii) interest expenditure disallowance of Rs. 45,85,997/- deleted in the lower appellate proceedings.

11. A perusal of the CIT(A)'s lower appellate discussion in para 8 has already given a categorical finding that the assessee's interest free funds are much more than its interest free advances made to the sister concern. That being the case, we quote case law South Indian Bank (supra) to uphold the same in the assessee's favour and against the department. This Revenue's cross appeal ITA No.109/Del/2024 fails therefore.

AY: 2015-16

ITA No. 93/Del/2024 (Assessee's appeal)

ITA No. 176/Del/2024 (Revenue's appeal)

12. A combined perusal of the assessee's and Revenue's pleadings indicates that though the first and foremost issue raised therein is very much a common one since relating to section 14A read with Rule 8D disallowance, including the first and foremost head of portfolio management services charges amounting to Rs. 1,31,59,911/- which is hereby upheld and the latter component of administrative charges requires to be re-computed in light of exempt income yielding investment only, as done in the preceding assessment year 2014-15 hereinabove. We thus partly accept the assessee's arguments in very terms.

13. So far as the Revenue's endeavour in its first and foremost substant ground seeking to revive proportionate interest expenditure of Rs. 1,42,90,423/- is concerned, we note that the learned CIT(A) has gone by the assessee's finances including reserves and surplus exceeding the investments in light of hon'ble apex court decision(supra). We thus reject the Revenue's instant former substantive ground in very terms.

14. The assessee's latter substantive ground is directed against both the learned lower authorities' action disallowing its business promotion expenses of Rs. 2,41,27,727/-, in the course of assessment and upheld in the lower appellate discussion as under:

“9. Ground No. 3: This ground has been raised against the action of the A.O in making a disallowance of Rs. 2,41,27,727,- u/s 37(1) of the Act being business promotion expenses claimed by the appellant.

9.1 The A.O has discussed this issue in para 5 of the order. The A.O has detailed the nature of the expenses incurred which have been disallowed. These include the purchase of books, entertainment expenses, hotel bills and the major expense of Rs 2,04,80,973/- which is incurred with regard to an event incurred in Hong Kong for 120 pax. The appellant in these same proceedings has given the same explanation as was submitted before the A.O during the assessment proceedings. The explanation is generic and is “for promoting and advisory services from various professions for the business of trading in mutual funds” and no specific details or explanations have been given to justify the individual items of expenditure. It must be noted that the appellant is an investment company which earns its profits from investing in mutual funds/shares. The business is not manufacturing or services where clients need to be solicited and entertained by hosting events ect and handing out gifts. Furthermore, for the purposes of investing the appellant already has engaged an independent consultant Ms Guardian Advisors Pvt ltd who provides Portfolio Management Services to the appellant company. Thus the need for business promotion is negligible in the case of the appellant since as per the scheme of things, other parties will be soliciting the investments of the appellant company and not the other way round. Accordingly, in the absence of any specific details to show how each of these expenses were wholly and exclusively for the purposes of the business, the disallowance of Rs. 2,41,27,727/-“

15. Both the learned representatives reiterate their respective stands against and in support of the impugned business promotion expenditure disallowance. There is hardly any dispute between the

parties that this assessee is engaged in financial service business activity wherein such expenditure, be it domestic or overseas, could not be altogether ruled out. The fact also remains that it has not specifically proved the impugned expenditure u/s 37 vis-à-vis its reconciliation with the corresponding activities to the entire satisfaction of the learned lower authorities.

16. Be that as it may, it is thus deemed appropriate in these peculiar facts and in the larger interest of justice that a lumpsum disallowance of 40% thereof only would be just and proper with a rider that the same shall not be treated as a precedent. The assessee's impugned expenditure claim is accepted to the extent of 60% in very terms. Necessary computation shall follow as per law. The assessee's second substantive ground is partly allowed.

17. Our attention is next invited to the Revenue's second substantive ground seeking to revive interest expenditure disallowance of Rs. 23,37,325/- made in the course of assessment and deleted in the lower appellate proceedings going by the assessee's finance indicating its interest free funds/reserves and surplus as much more than the corresponding advances; as that is identical to the preceding assessment year 2014-15. We thus

adopt the foregoing detailed discussion mutatis mutandis to confirm the CIT(A)'s action deleting the same. This Revenue's latter corresponding appeal ITA No.176/Del/2024 fails in very terms.

AY: 2017-18

ITA No. 92/Del/2024 (Assessee's appeal)

18. Learned counsel very fairly submits that the assessee's first and foremost substantive ground challenging the portfolio management service charges under section 14A read with Rule 8D had already decided in the department's favour in the preceding assessment year (supra).

19. Coming to the last head of administrative expenditure disallowance, we direct the learned Assessing Officer to include only dividend yielding investments in the relevant preceding assessment year. Ordered accordingly. This assessee's last appeal ITA No. 92/Del/2024 is partly accepted in very terms.

No other ground or argument has been pressed before us.

20. To sum up, these assessee's three appeals ITA Nos. 94, 93 & 92/Del/2024 are partly allowed and Revenue's two appeals ITA No.109 & 176/Del/2024 are dismissed in above terms. A copy of this common order be placed in the respective case files.

Order pronounced in the open court on 27th May, 2025

Sd/-
(MANISH AGARWAL)
ACCOUNTANT MEMBER

Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER

Dated: 27th May, 2025.

RK/-

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, New Delhi