

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

**Before Sh. Satbeer Singh Godara, Judicial Member
&**

Sh. S. Rifaur Rahman, Accountant Member

ITA No. 4744/Del/2024 : Asstt. Year : 2016-17

Indian Sugar Exim Corporation Ltd. C-Block, 2 nd Floor, Ansal Plaza, August Kranti Marg, Andrews Ganj, New Delhi-110049	Vs	ACIT, Circle-12(1), New Delhi-110002
(APPELLANT)		(RESPONDENT)
PAN No. AAACI1163M		

ITA No. 5033/Del/2024 : Asstt. Year : 2016-17

DCIT, Circle-10(1), New Delhi-110002	Vs	Indian Sugar Exim Corporation Ltd. C-Block, 2 nd Floor, Ansal Plaza, August Kranti Marg, Andrews Ganj, New Delhi-110049
(APPELLANT)		(RESPONDENT)
PAN No. AAACI1163M		

Assessee by : Sh. Sumit Jain, CA

Revenue by : Sh. Manish Gupta, Sr. DR

Date of Hearing: 15.07.2025	Date of Pronouncement: 13.10.2025
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ORDER

Per Satbeer Singh Godara, Judicial Member:

These assessee's and Revenue's cross appeals ITA No. 4744/Del/2024 and ITA No. 5033/Del/2024, for Assessment Year 2016-17, arise against the CIT(A)/NFAC, Delhi's DIN & order No. ITBA/NFAC/S/250/2024-25/1067600006(1) dated 13.08.2024, in proceedings u/s 143(3) of the Income Tax Act, 1961 (in short "The Act").

2. Heard both the parties at length. Case files perused.

3. We take up the assessee's appeal ITA No. 4744/Del/2024 first of all raising its three substantive grounds of foreign travelling expenditure, employer's contribution to PF and section 14A r.w. Rule 8D disallowance(s) amounting to Rs.14,27,239/-, Rs.3,87,364/- and Rs.46,01,527/-; respectively, made in assessment order dated 23.12.2018 as upheld in the lower appellate discussion.

4. Coming to the first and foremost issue of foreign travelling expenditure disallowance, there is not much a dispute between the parties that the same is a recurring one wherein the assessee is stated to have already succeeded in the preceding assessment years. Learned counsel places strong reliance on the said earlier order(s) to buttress the point that the impugned expenditure had been incurred wholly and exclusively for the purpose of the business. The fact however remains that it has not been able to successfully discharge the onus u/s 37 of the Act before both the learned lower authorities to this effect. We thus accept both the parties rival submissions in part to restrict the impugned disallowance to a lump sum figure of Rs.50,000/- only with a rider that the same shall not be treated as a precedent. The assessee gets relief of Rs.13,77,239/- in other words. Ordered accordingly.

5. The second substantive issue in the assessee's appeal is that of employer's contribution disallowance made by both the learned lower authorities for the sole reason that the corresponding fund is not a "recognized" one. We note in this factual backdrop that the assessee has already succeeded on the very issue right from assessment year 2003-04 as well as in A.Y. 2011-12. We thus adopt judicial consistency to accept the instant second substantive ground in the assessee's favour in very terms.

6. Lastly comes section 14A r.w. Rule 8D disallowance of Rs.46,01,527/-. There is hardly any dispute between the parties that the assessee had indeed derived exempt income of Rs.4,31,59,051/- representing interest on tax free bonds etc. And that the impugned disallowance is in the nature of administrative expenditure under Rule 8D(2)(iii) of the Income Tax Rules wherein the department fails to rebut the clinching settled proposition in *ACB Industries Ltd. vs. ACIT 374 ITR 108 (Del.)* that the same ought to be computed only *qua* the exempt income yielding investments. We accordingly direct the learned Assessing Officer to finalize his afresh computation as per law in very terms.

7. All other grounds raised at the assessee's behest have not been pressed during the course of hearing.

8. This assessee's appeal ITA No. 4744/Del/2024 is partly allowed.

9. Next comes the Revenue's cross appeal ITA No. 5033/Del/2024 wherein it seeks to revive the Assessing Officer's action adding interest on FDRs of Rs.4,34,98,961/- and depreciation disallowance on building amounting to Rs.10,27,171; respectively, which stand reversed in the lower appellate discussion.

10. Coming to the instant first issue, we note that there arose a dispute in civil suit No. 2443/2009 before assessee and M/s Standard Chartered Bank regarding redemption proceeds of mutual funds which could be settled by way of a consent decree on 31.01.2017 only. That being the clinching factual position, we quote in light of Chainrup Sampatram Vs. CIT (1953) 24 ITR 461 (SC) that there has no reasonable certainty of the impugned interest income accrual so as to be assessed as income in the assessee's hands in the relevant previous year; and, therefore, we hereby uphold the learned CIT(A)'s findings deleting the impugned addition.

11. Next comes the depreciation disallowance of Rs.10,27,171/- which was disallowed by the Assessing Officer on the ground that no conveyance deed has been executed in the taxpayer's favour. There is not much a dispute that the

assessee has already succeeded on the very issue in preceding assessment years including before hon'ble jurisdictional high court in A.Y. 2004-05 (page 593 in the paper book). We thus adopt judicial consistency to reject the Revenue's instant latter substantive ground as well as the cross appeal herein ITA No. 5033/Del/2024 in very terms.

12. To sum up, this assessee's appeal ITA No. 4744/Del/2024 is partly allow and the Revenue's cross appeal ITA No. 5033/Del/2024 is dismissed. A copy of this common order be placed in the respective case files.

Order Pronounced in the Open Court on 13/10/2025.

Sd/-

(S. Rifaur Rahman)
Accountant Member

Dated: 13/10/2025

Subodh Kumar, Sr. PS

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

Sd/-

(Satbeer Singh Godara)
Judicial Member

ASSISTANT REGISTRAR