

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“A” BENCH : BANGALORE**

**BEFORE SHRI PRASHANT MAHARISHI, VICE PRESIDENT  
AND SHRI KESHAV DUBEY, JUDICIAL MEMBER**

<b>ITA No . 625/Bang/2023</b>
<b>Assessment Year : NA</b>

M/s. Independent and Public Spirited Media Foundation, No. 4/6, 1 <sup>st</sup> Floor, Miller Road, High Ground, Bengaluru –560052. PAN : AABTI413E	Vs.	The Principal Commissioner of Income Tax (Central), Bengaluru.
<b>APPELLANT</b>		<b>RESPONDENT</b>

Appellant by	:	S/Shri. A. Sheshadri, CA and Bhardwaj Sheshadri, Advocate
Respondent by	:	Shri. Shivanand Kalakeri, CIT(DR)(ITAT), Bangalore.

Date of hearing	:	17.12.2025
Date of Pronouncement	:	16.01.2026

**ORDER**

***Per Prashant Maharishi, Vice President :***

1. ITA No.625/Bang/2023 is filed by Independent and Public Spirited Media Foundation (the assessee/appellant) against the order passed by the Principal Commissioner Of Income Tax (Central), Bangalore (the learned CIT) under section 12 AB (4) (ii) of the Income Tax Act, 1961 (the Act) dated 26 June 2023 wherein the registration granted to the assessee under section 12 AA/12 AB of the Act is cancelled with

effect from previous year 2016 – 17 and for all subsequent previous years as per provisions of section 12 AB (4) of the Act as he found specified violation in case of the trust.

2. Assessee trust is aggrieved and has raised following grounds of appeal:
  1. The learned Principal Commissioner of Income-tax (Central) (hereafter, "the Pr. CIT (Central)") erred in cancelling the registration of the Appellant under section 12AB (4).
  2. The impugned order has been made without requisite jurisdiction or power, and in violation of the principles of natural justice, and therefore deserves to be quashed.
  3. The Pr. CIT (Central) lacked the jurisdiction to pass the impugned order.
  4. The proceedings leading to the impugned order, being admittedly initiated on the basis of a survey under section 133A, are void ab initio considering that the survey itself was illegal and without jurisdiction.
  5. The Pr. CIT (Central) could not have relied on evidence collected in the course of the survey under section 133A as that survey was itself illegal.
  6. The impugned order deserves to be quashed as it improves upon and goes well beyond the scope of the show cause notice dated December 15, 2022, by which the proceedings before the learned Pr. CIT (Central) were initiated.

7. The impugned order was passed in proceedings initiated without requisite satisfaction, and without application of mind and in violation of the principles of natural justice considering, inter alia, that the submissions of the Appellant were not fully and properly considered and that the show cause notice was vague and initiated a roving enquiry.
8. Without prejudice, the Pr. CIT (Central) erred in cancelling registration retrospectively and, if at all, could only have cancelled registration with effect from the Assessment Year 2023-24.
9. The Pr. CIT (Central) erred in holding that the Appellant exerted influence for the promotion of political articles and that this alleged influence and promotion constituted a specified violation within the meaning of the explanation to section 12AB.
10. The Pr. CIT (Central) erred in holding that the Appellant caused the biased promotion of selected articles or issues and that this allegedly biased promotion constituted a specified violation within the meaning of the explanation to section 12AB.
11. The Pr. CIT (Central) erred in holding that the Appellant supported the publication of polarized content and that this alleged support constituted a specified violation within the meaning of the explanation to section 12AB.
12. The Pr. CIT (Central) erred in holding that the Appellant extended grants to profit-making entities in the garb of professional fees and that these alleged transactions constituted specified violations within the meaning of the explanation to section 12AB.

13. The Pr. CIT (Central) erred in holding that the Appellant engaged in targeted coverage in the garb of fact checking and that this allegedly targeted covered constituted specified violations within the meaning of the explanation to section 12AB.
  14. The Pr. CIT (Central) erred in reaching findings considering whether or not sums expended by the Appellant constituted application of income within the meaning of section 11.
  15. The cancellation of registration is bad in law, inter alia, as it is a disproportionate action even considering the findings arrived at in the impugned order.
  16. For these and other grounds that may be urged either as additional grounds or otherwise and at the time of hearing, in the facts and circumstances of the case, and considering the evidence on the record and the law on the subject, it is most humbly prayed that this appeal be allowed and that this Honourable Tribunal pass such other orders including orders as to costs as it thinks fit in the interests of justice.
3. Brief facts of the case shows that assessee is a trust incorporated on 1 July 2015 with following objects: -
- i. to provide scholarships, fellowships and awards for writers, authors and journalists involved in public interest or any other form of journalism that spreads information and awareness and benefits Indian citizens and India is a country.
  - ii. to provide financial and other assistance to organisations and individuals creating and distributing public interest information to the public at large using digital media, social media, mass media or any other media thereby bringing about proper awareness and improving public understanding of issues

- iii. to promote excellence in education in the field of journalism by providing financial and other assistance to journalism schools and other educational institutes in the country
- iv. to create public interest content, achieve wider distribution and consumption of public interest content, provide services to support content creation and distribution, create an umbrella brand that will provide a sense of common identity to the beneficiaries of the trust while allowing order preserving their respective identity and independence.
- v. to undertake actions and initiatives (including but not limited to providing financial assistance by way of grants all through other means) to create an ecosystem that sets trends, fosters, and accelerates excellence in public interest journalism and thereby improve public understanding of issues.
- vi. to seed/support: – (A) digital media that has an identity for addressing public interest issues, (B) digital media ventures that spotlight public interest issues.
- vii. to catalyse: – (a) the wider distribution of public interest content, particularly through the mainstream media, (B) the curation of public interest content and its wider distribution digitally.
- viii. to grow in India as editorial leadership on public interest issues by supporting the work of journalists in the digital or mainstream media, through scholarships, fellowships, awards, direct support, or any other support that the trustees may deem fit from time to time.
- ix. to organise functions that allow journalists to work to the best capacities, spatially addressing (a) legal, (B) training, (C) research and (B) technology requirements or any other functions that the trustees may deem fit from time to time.
- x. to undertake any other initiatives or activities of any charitable nature that the trustees in fact,
- xi. to accept donations, whether in cash or in-kind, with or without specific directions from the donor on the manner in which the said funds or income therefrom is to be utilised for specified/1 specified the charitable purposes.

- xii. to contribute or donate funds to educational institutions, charitable organisations or any other institutions engaged in journalism, media, or any other field that the trustees may deem fact from time to time,
  - xiii. to accept donations from companies and undertake qualifying activities as specified in schedule VII of the companies act, 2013 as amended or substituted from time to time and the rules, notifications are circular issued in relation thereto.
  - xiv. To organise, conduct, sponsor, participate, and supervise any activity to raise funds for and in furtherance of the objects of the trust.
  - xv. to publish books, periodicals, journals, bulletins, and newsletters for propagating all or any of the above-mentioned activities, without violating the provisions of section 11 (4A) read with section 80 G (5) of the income tax act, 1961 for such other similar provisions under any other law for the time being in force.
  - xvi. to donate, assist and support persons or institution having similar objectives as this trust.
4. Thus, based on the above objects the assessee trust has been registered under section 12 A of the Income Tax Act by the CIT (Exemption), Bangalore's as per certificate dated 8th of January 2016 with effect from assessment year 2016 – 17. This certificate of registration was subject to certain conditions that if the activities of the trust or institutions are found to be non-genuine or are not being carried out in accordance with the objects of the trust, its registration granted can become liable for revocation.
5. A survey under section 133 (A) of the Act was conducted at the office of the assessee on 7 September 2022 by The Deputy Director of Income Tax (Investigation), Delhi based on authorisation issued by The Principal Director of Income Tax (Investigation) – 1, Delhi.

During survey, various evidence was gathered which showed that the assessee trust has been involved in activities which were not in sync with the stated objectives at the time of incorporation. During survey certain digital information was found in laptop data, tally server data, MacBook air Pro, iPhones, Galaxy android mobile phones and emails. Based on this evidence gathered, a show cause notice on 15/12/ 2022 was issued on the following 5 allegations as under: -

- i. That assessee trust was involved in promoting political articles by paying more premiums for such articles than other articles and exerting control on the category of content being published.
- ii. That assessee trust had influenced entities for publication of particular kind of stories/articles which are chosen by the assessee trust and of interest to assessee trust thus it engaged in biased promotion of selected articles/issues.
- iii. assessee trust is involved in lending monetary support to entities involved in publication of polarised content against a section of society thus supporting publicization of polarised contents.
- iv. assessee trust had been providing grants to organisations which are engaged in the business for profit in the garb of professional fees without receiving any professional services rendered by them and further the service agreements entered by the assessee trust with such entities shows that those agreement does not contain the nature of services to be rendered and thus, the

payments do not qualify to be 'application of income' towards the objectives of the trust

- v. assessee trust had focused on coverage of certain select/target issues by paying to entities to cover such issues to give the colour of fact checking thus assessee is focusing on targeted covering in the garb of fact checking.
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6. Thus, the learned CIT noted that the activities carried out by the trust is in contrast to the stated objectives. He noted that the activities of the trust had been run in violation of the stated objectives for which it was incorporated. In the notice he tabulated what are the stated objectives of the trust and how they contrast with the activities carried on by the trust. Based on these findings during survey, the learned CIT referred to the provisions of the Act and issued notice for cancellation of the registration already granted to the assessee.
  7. In response to the show cause notice, assessee asked for the material impounded during the survey which was provided to the assessee and further the assessee along with its representative and chief executive officer, senior program manager finance was intimated the information available. In paragraphs No. 1.6 of the order the learned CIT noted that during hearing, the assessee was made aware of the complete details of the evidence available on record which was relied upon for issuing show cause notice and the copies of which had already been made available to it. This included the addendum to the

agreement with the Delhi Press Patra Prakashan Private Limited, chat of Shri Sunil Raj Shekhar (CEO) with various persons namely Mr Mohammad Sohail Mabarak (key person of Dool 360 private limited, Mr Vignesh Vellore (key person of Spunklane Media Private Limited), Mr Shekhar Gupta (one of the key person is of Print Line Media Private Limited) and Ms Barkha Dutt (a well-known journalist) along with details of the payments made to these persons and entities over the financial year 2017-18 to 2021-22, information regarding articles published by Saamarasya Media LLP and Janjwar ] foundation and the details of the payments made to these entities, details of payment made to various profit-making entities as professional fees between financial year 2016 – 17 to financial year 21 – 22, service agreements relating to content commissioning, email correspondence between CEO and Mr Avinash and statement recorded during the survey. During hearing, many opportunities were granted; assessee submitted several written submissions and based on that the hearing finally concluded on 7 June 2023.

8. The main contention of the assessee before the Id. CIT was that new digital media entities do not have the backing of big businesses and they cater to both broad spectrum readers as well as those interested in specific or niche areas. The assessee trust was set up as a charitable entity to offer non-commercial funding that would support such independent, public interest media, and thereby create a greater media diversity as well as enable viability in challenging financial and management to strengthen Indian democracy, in which the media

plays a vital role. It was also the claim that as a part of its due diligence, it has always ensured that entity that has political affiliation is not supported. Assessee also stated that media entities receiving its support have repeatedly won recognitions and awards within the country and internationally for the quality of their journalism, as and when the content they produce has noticeable impact. Thus, assessee has taken a broad and independent endorsement of the funding decisions taken by it. Assessee also claims that its eminent trustees have worked pro bono, with no personal interest and for the above very reasons, it had been receiving generous donations from public spirited donors with impeccable credentials. Assessee also submitted various details to show that the work done by it complied with the objects of the trust. Assessee has also tried to emphasise on the testimonials from some well-known personalities to say that the assessee is carrying on the activities of the trust in consonance with its objects. The assessee also submitted that 'specified violation' in some instances cannot be used to cancel registration as it would be disproportionate act.

9. After considering the above general reply of the assessee, in paragraph No. 3 the learned CIT exemption analysed the reply of the assessee against each of the allegations in the show cause notice and gave finding vide page No. 15 of 73 to 63 of 73 of his order as under:

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**2.6** The assessee has also argued that specified violation in some instances cannot be used to cancel registration as a whole as it would be a disproportionate act. This argument of the assessee is also devoid of any merit as the provisions of Section 12AB of the Act are unambiguous and there isn't any concept of looking into the aspect of proportionality. Any specified violation can result in cancellation of the registration.

**2.7** Considering above, the submissions of the assessee on each issue raised in the show cause notice are discussed as follows:

**3.0 Exerting influence for promotion of political articles by paying more money viz-a-viz other articles:**

In the show cause the assessee was confronted with the aspect that it was involved in promoting political articles by paying more premium for such articles viz-a-viz other articles and exerting control on the category of content being published. In response to the same, vide reply furnished on 22.12.2022, the assessee had submitted as follows:

*"24. This assertion is incorrect and is denied. We have absolutely no instances where: (i) such 'premium' has been paid for promotion of political articles vis a vis other articles, or where (ii) control has been exerted on the category of content published. Nevertheless, we would like to state that no entity that the Assessee supports has political affiliation to any political party. Covering Politics is legitimate journalism."*

*25. Without prejudice to the above, the Assessee submits as under:  
The Assessee makes donations to certain charitable entities engaged in the field of public interest journalism as well as engages content providers (service providers) under the Content Commission Agreement ("CCA") to create and publish public interest content to achieve wide distribution. The assessee does not review the articles/stories published by the grantees/content providers before their publication and has no editorial oversight of any kind. Post publication, the articles/stories are reviewed by assessee for content quality and adherence to terms of the CCA. The Assessee ensures that entities supported strictly follow the Values and support Operating Standards which are clearly spelt out in the Agreement.*

26. *IPSMF would further emphasise that:*
- a) *The Foundation's support for articles is strictly based on a pre-decided rate card which is agnostic of the editorial content. (A copy of current rate card is enclosed as Annexure 4)*
  - b) *The benchmark for the payment for a story is based on the format -wordage of the story (in text format) and length of the story (in video and audio format)*
  - c) *This remains constant across grantees without any regard to the content itself. The only input other than the rate card is the location- Urban vs local, where the costs of a story differ because of the differential cost of production. Usually, lower in the mofussil regions.*
  - d) *The other input is also the resources and time spent to produce the story. For instance, deep-reported in text, the documentary format in videos, etc the difference in newsgathering expenses.*
  - e) *To emphasise, the cost paid for a story are pre-decided well before the contents of a story are known. There is no determination of the costs to be paid after the story is produced. The costs are a fact well before the delivery.*
  - f) *The Foundation makes no intervention whatsoever in the editorial decisions of grantees its support. The stories are based on the editorial decisions, and not based on any ideology or political stance."*

3.1 Copy of the rate card made available by the assessee is reproduced as follows:

  
**Content Commissioning Contractual Rate Card**

Sl. No.	Story Type	BANGALORE (URBAN)		MUFUSSIL (RURAL)			
		Text	Video	Text	Video		
1	(a) News, Analysis	Primary text about 550 words	4,000	5,000	Primary text about 400 words	3,000	3,500
		+Photo / Infographic	6,000	7,000	+Photo / Infographic	5,000	5,500
		+Video	9,000	10,000	+Video	8,000	8,500
	(b) News, Analysis	Primary text 600-1,050 words	6,000	9,500	Primary text 450-750 words	4,000	7,000
		+Photo / Infographic	8,000	11,500	+Photo / Infographic	6,000	9,000
		+Video	11,000	14,500	+Video	9,000	12,000
2	(a) News, Analysis or Opinion	Primary text 1,100-1,500 words	12,000	15,000	Primary text 750-1,000 words	10,000	12,000
		+Photo / Infographic	14,000	17,000	+Photo / Infographic	12,000	14,000
		+Video	17,000	20,000	+Video	15,000	17,000
	(b) News, Analysis or Opinion	Primary text 1,600 to 2,000 words	15,000	20,000	Primary text 1,100-1,400 words	12,000	16,000
		+Photo / Infographic	17,000	22,000	+Photo / Infographic	14,000	18,000
		+Video	20,000	25,000	+Video	17,000	21,000
	(c) News, Analysis or Opinion - Includes Reports, Analysis, Explainers etc.	Primary Video <3 min	10,000	15,000	Primary Video <3 min	7,500	11,000
		4+	15,000	20,000	4+	11,000	15,000
		8+ min	20,000	30,000	8+ min	15,000	20,000
15+		40,000	50,000	15+	30,000	35,000	

3	Deep reported and researched, multiple sources, expert opinion.	Primary text 2,500-5,000 words	20,000	25,000	Primary text 1,550-3,500 words	16,000	22,000
		+Photo / Infographic	25,000	30,000	+Photo / Infographic	21,000	27,000
		+Video	35,000	45,000	+Video	31,000	37,000

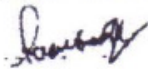
4	Documentary: 'Documents, highlights, delves deep, into stories, situations, personalities events or places with a central script and voice over.	Text and a Video  Text 2,000+ words & Video 25+ mins	60,000	75,000	Text 1,500+ words Video 25+ mins	45,000	60,000
5	Investigative Reporting, (Original deep reporting and research; systematic and intense fieldwork; multiple sources; unearths hitherto hidden and important facts; brings out credible evidence of wrongdoing; clear public interest.)	Text with Photo or Infographic  1,100-1,500 words 1,600-2,000 words 2,500-5,000 words 5,500+ words Video only 15+ minutes	20,000 30,000 45,000 75,000 75,000	30,000 40,000 75,000 1,00,000 1,00,000	700-1,000 words 1,200-1,750 words 1,750-3,500 words 3,800+ words 15+ minutes	15,000 22,000 30,000 55,000 55,000	22,000 30,000 60,000 80,000 80,000
6	Discussion / conversation on relevant issues	Podcast 12-16 min	15,000	25,000	12-16 min	10,000	18,000
Notes: (1) Rate card is with effect from August 01, 2019 (2) Rates are apart from base wordage rate in line with rates of mainstream media and other online media, also included are overhead costs like newsgathering, editing, content packaging, production, hosting etc. (3) Rates are Inclusive of GST							

3.2 However, an analysis of the Schedule 2 of addendum to agreement between the assessee (IPSMF) and Delhi Press Patra Prakashan Pvt Ltd (DPPPPL) shows that IPSMF was influencing DPPPPL for printing political articles by paying more for such articles. The relevant part of the same is reproduced as follows:

#### ADDENDUM AGREEMENT - 1

This Addendum Agreement – 1 to the Master Content Commissioning Agreement dated June 15, 2018 (the "Addendum") is entered into on the June 15, 2018 (the "Execution Date") by and between:

Independent and Public-Spirited Media Foundation, a public charitable trust registered vide a trust deed executed on July 1, 2015, as document No. 99 IV (15-16) dated July 1, 2015, at the office of the Sub-Registrar, Gandhinagar, Bangalore, Karnataka and having its registered office at No 40, 16<sup>th</sup> Cross Street, Off 8<sup>th</sup> Main, Malleshwaram, Bangalore 560055 and its operating


office at 4/6-1, 1<sup>st</sup> Floor Millers Road, High Grounds, Bangalore-560052 (hereinafter referred to as "IPSMF") represented herein by its Chief Executive Officer Mr. Sunil Rajshekhar;

AND

ii. Delhi Press Patra Prakashan Private Limited, a company registered under the Companies Act, 1956, having its registered office at E-8, Rani Jhansi Road, Jhandewala Estate, Jhandewalan Extension Colony, Delhi- 110055 and having its present address at -8, Rani Jhansi Road, Jhandewala Estate, Jhandewalan Extension Colony, Delhi- 110055 having CIN No. U74899DL1979PTC010009 (hereinafter referred to as the "Content Provider") represented by its Director, Mr. Anant Nath;

"Audience Reach Target" means the targets set out in Schedule 5;

"Commissioned Topics" shall mean the Subjects on which the Content Provider shall Publish Compositions pursuant to this Addendum, more specifically set out in Schedule 1;

"Contracted Value" shall have the meaning ascribed to it in Schedule 5;

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"Maximum Monthly Payment" shall have the meaning ascribed to it in Schedule 5;

"Monthly Composition Publishing Targets" means the targets set out in Schedule 3;

"Monthly Contracted Value" shall have the meaning ascribed to it in Schedule 3 read with Schedule 5;

"Payment Terms" shall have the meaning ascribed to it in Clause 2.5, more specifically set out in Schedule 2;

"Targets" means collectively, (a) the Monthly Compositions Publishing Target; and (b) the Audience Reach Target.

**2. SPECIFIC TERMS AND CONDITIONS**

**2.1 ENGAGEMENT**

Subject to the terms of the Master CCA and this Addendum, IPSMF hereby engages the Content Provider, and the Content Provider accepts such engagement, to Publish Compositions on the Commissioned Topics. The Content Provider shall also Distribute as widely as possible the Compositions in accordance with the terms of this Addendum.

**2.2 ADDENDUM TERM**

This Addendum shall be valid for a period of 1 (one) year from the Addendum Effective Date (the "Addendum Term") and shall automatically expire upon completion of the Addendum Term, unless extended by IPSMF in accordance with Clause 2.6(b).

**2.3 POST EXECUTION CONDITIONS**

The Content Provider undertakes to complete the conditions set out in Schedule 6 within the time period specified in that Schedule all to the satisfaction of IPSMF ("Post Execution Conditions").

**2.4 WITHHOLDING OF COMMISSIONING FEE**

IPSMF may withhold the Commissioning Fee in accordance with Clause 4(b) of the Master CCA until completion of the Post Execution Conditions

**2.5 PAYMENT TERMS**

In consideration of the Content Provider providing the Services, IPSMF shall pay the Commissioning Fee in accordance with the rates specified in Schedule 2 and in accordance with the Monthly Compositions Publishing Target specified in Schedule 3 (the "Payment Terms")

2.6 DEVIATIONS

- (a) The Content Provider may be allowed a maximum deviation (which is either a shortfall or an excess) of 10% from the Monthly Compositions Publishing Target at the discretion of and with the prior written consent of IPSMF, provided however that in no event shall IPSMF be liable, on account of such deviation, to pay:

**SCHEDULE 1  
COMMISSIONED TOPICS**

Topics	Story Type	Monthly Commissioned Target
Politics, Governance, Policy, Corruption	Reportage/in-depth investigation	3
Economy, Business, Free Press	Reportage/in-depth investigation	2
Law & Society	Reportage/in-depth investigation	1
Agriculture, Health, Water, Rural India	Video/Reports/Opinions	2

**SCHEDULE 2  
PAYMENT TERMS**

**RATE CARD FOR PAYMENT FOR COMPOSITIONS PUBLISHED BY CONTENT PROVIDER**

Topics	Cost per story (inclusive of all applicable taxes) (Rs)
Politics, Governance, Policy, Corruption	1,00,000
Economy, Business, Free Press	1,00,000
Law & Society	1,00,000
Agriculture, Health, Water, Rural India	50,000
Defence and Strategic Affairs	50,000
Digital Governance, Science and Technology and Privacy	50,000
Education, Livelihood & Environment	50,000
Books, Indian History, Art & Culture	50,000
Regional, Rural, Society	50,000

Payment for published compositions will be based on the following two criteria:

- Word length – how comprehensive, and
- Time spent on in-depth reporting.

Accordingly, payment for stories are as below:

- **Rs.100,000**
  - o for stories with word count of 2,000 and above, or
  - o for investigative stories with word count between 1,500 – 2,000 requiring considerable effort, time for cultivating sources, reporting, editing and fact-checking
- **Rs.50,000**
  - o for stories with word count between 1,000 – 2,000 words

IPSMF reserves the right to review the above rate card and make appropriate changes when necessary, during the Term, subject to acceptance of these changes by the Content Provider.



**SCHEDULE 4**  
**AUDIENCE REACH TARGETS**

Digital	Parameters	May 2018	6 Month	1 Year
All UP (Desktop +Mobile)	MUV or Users	1,82,789	3,50,000	7,00,000
	New users	59%	50%	50%
	Returning visitors	41%	50%	50%
	Average session duration (min)	3.09	3.54	4.24
	Bounce rate	47.4%	40%	35%
Face Book	Total page likes	1,61,206	2,10,000	2,60,000
	Total followers	1,60,684		2,50,000
	Monthly Engaged Users	35,267	1,20,000	2,40,000
YouTube	Subscribers	4,259	6,000	8,000
	Views	2,50,908	5,00,000	10,00,000
Twitter	Followers	1,68,842	2,25,000.0	3,37,500
	Monthly Engaged Users	29,911	1,10,000	2,20,000

**SCHEDULE 5**  
**CONTRACTED VALUE AND MONTHLY PAYMENTS**

- Contracted Value:** means INR 1,50,00,000/- (Indian Rupees One Crore Fifty Lakhs Only) inclusive of all applicable taxes, if any, being the aggregate value of all invoices to be raised by the Content Provider in accordance with this Addendum.
- Monthly Contracted Value:** means the amount specified in Schedule 3 against the applicable month of the Addendum Term.
- Maximum Monthly Payment:** In relation to Clause 2.6 which allows for a maximum deviation of 10% in the Monthly Compositions Target, the Maximum Monthly Payment, inclusive of all applicable taxes, payable by IPSMF in any month during the Addendum Term shall not exceed 10% over and above the respective Monthly Contracted Value.

**SCHEDULE 6**  
**POST EXECUTION CONDITIONS**

Within 90 (ninety) days from the Addendum Effective Date, the Content Provider shall have:

- filed necessary applications for re-registration of its trademark with respect to its brand name "Caravan" and registration of its logo with the jurisdictional trademark registry, and
- transferred the registration of the domain name [www.caravanmagazine.in](http://www.caravanmagazine.in) from Mr. Pawan Gupta to the Content Provider.

**3.3** Since this was against the independence of the entity to whom grant was being paid and it also appeared from such agreement that IPSMF was trying to control the category of the content, the assessee was again confronted with this

addendum to the agreement during hearing on 11.01.2023. In response to the same the assessee made following submissions vide reply dt. 12.01.2023:

*“IPSMF Response:*

*The Content Commissioning Contractual Rate Card - Annexure 5*

*From the attached rate card it is clear that there are Six broad categories of Story Types against each of which a Story Format and a Minimum and Maximum rate is specified. The rates for English publications are comparatively higher than Language publications due to their higher input costs. Also, the market reality is that, in general, English language journalism pays more than vernacular publications, to their staff and to freelancers. Payment rates reflect that reality.*

*The Caravan is India's first long-form narrative journalism magazine and web portal. It was relaunched in 2010 as a journal of politics and culture dedicated to meticulous reporting and the art of narrative. Since then, The Caravan has established itself as one of the country's most respected and intellectually agile magazines in the print and digital space, and set new benchmarks for Indian journalism. The Foundation supports the digital edition of The Caravan. The long-form stories produced by the Caravan are extremely resource intensive, time consuming and includes travel and other overhead costs – news gathering, editing, content packaging, production, hosting and other overheads.*

*Caravan is an entity with a stated focus on 'Politics and Culture' and expecting it to produce any other kind of journalism which does not conform to the IT departments understanding of journalism is not within the remit of the Foundation.*

*The Awards and accolades that The Caravan has earned are testimony to the quality of journalism produced on a consistent basis. Annexure 6*

*The strong endorsements from a variety of public figures for the Caravan's journalism clearly highlights how much its journalism is appreciated. Annexure 7*

*Having elaborated a bit on the Caravan, we would like to point out that all Content providers are paid in line with the story formats prescribed in the rate card. A few other content providers like Mojo Story, The Print, The Ken, East Mojo, The Probe etc command similar rates like The Caravan for Story formats of equal description. We would once again like to reiterate that all good journalism involves huge overheads - newsgathering, travel, editing and packaging, technology costs etc and more importantly the people cost. While the cost of producing such stories are extremely high, the rates paid by the Foundation are way lower than the input costs.*

*Some publications have higher overheads because of the nature of their journalism. And irrespective of our payment rates, almost all grantees and CCA partners are in the red, not making any profit. It might be argued therefore that our payment rates are in fact too low.*

*The invoices of other entities that are paid in accordance with the rate card is at Annexure 8”*

**3.4** *Vide letters dt. 09.02.2023 and 17.02.2023 the assessee submitted as follows:*

*“26. We place before you, copies of the Agreements with Delhi Press Patra Prakashan Pvt Ltd, publishers of The Caravan. The Master Content Commissioning Agreement dated June 15, 2018 is enclosed at Annexure 6 and the following Addendum agreements (enclosed as Annexures ) entered into with the Company with specific reference to the broad content plan that the online edition of The Caravan magazine is expected to produce in the public interest.*  
*Term 1–Addendum-1 - June 15, 2018 – Content plan on page 7 is at Annexure 6.1*  
*Term 2–Addendum-2 - October 14, 2019 – Content plan on page 6 is at Annexure 6.2*  
*Term 3–Addendum-3- November14, 2020 – Content plan on page 6 is at Annexure 6.3*  
*Term 4– Addendum-4 - February 22, 2022 – Content plan on page 6 is at Annexure 6.4*

*27. IPSMF Funds only content meant for the online edition [www.caravanmagazine.in](http://www.caravanmagazine.in). We clarify that the stories appearing in the print magazine, The Caravan, are not funded by IPSMF.*

*IPSMF's rationale for funding the online edition of Caravan*

*a. That The Caravan was an award-winning publication recognized for its powerful journalism and editorial integrity. Its articles present a unique mix of detailed reportage, in-depth analysis and vivid writing, with a commitment to the art of storytelling, in the realm of politics, governance, society or business. A list of awards won by The Caravan and its reporters is attached as – Annexure 3.*

*b. It strongly believes in the role of the media as the fourth pillar of democracy, working solely in the public interest. It questions the powers of the day, whether they be politicians, elected officials, public institutions, industrialists, cultural icons or even its media colleagues. The Caravan is fiercely independent and ethical in its reporting, following global standards of journalism.*

*c. Each story at The Caravan is commissioned months in advance. It undergoes a rigorous editorial process and is thoroughly fact-checked. Editors at The Caravan work closely with the reporters to shape the narrative structure and the copy, often over weeks or months.*

*28. The Content commissioning plan clearly establishes that 'politics' is but a segment of a wider canvas of coverage covering Policy, Governance and Corruption. And this is one among many subjects that the content provider, The Caravan, is expected to produce. A broad listing of the diversity of The Caravan's content commissioned by IPSMF is given below:*

*The Caravan – Content Plan*

<i>Sl. No.</i>	<i>Topic</i>	<i>Sub-topics</i>
1	<i>Politics, Governance, Policy, Corruption</i>	<i>Representation, Accountability, Fact check, Political discourse and issues, Policy framing and implementation, Conflict of interests, Impact of big businesses on policy choices.</i>
2	<i>Economy, Business</i>	<i>State of the economy, Role of corporations and their effect on choices in politics, policies, governance and society.</i>
3	<i>Law, Judiciary, Human Rights, Crime</i>	<i>Legislation, Court judgements &amp; cases, fast-tracked justice, Law for the layman, Working of Lok Adalats &amp; Gram Nyayalayas.</i>
4	<i>Society, Media, Culture</i>	<i>Menace of paid news, Media ownership, Policy regulation &amp; guidelines, Issues of defamation, Editorial independence, Bonded labour and slavery, Caste, casteism, politics &amp; policy, Nationalism and sub-nationalism, Issues of gender and sexual rights, Impact of science and technology in society and communities.</i>
5	<i>Agriculture, Water, Rural Issues, Environment</i>	<i>Agrarian issues, Farmer distress, Policy and efficacy of schemes, Animal husbandry, Issues in availability of water and its management, River waters management, Climate change, Energy policy, Pollution, and Land use.</i>
6	<i>Security, Diplomacy and strategic affairs</i>	<i>Foreign policy, India &amp; its neighbourhood, Relations with Pakistan, India's geo-political environment, Relations with great powers, US &amp; China as a factor in India's policy and diplomacy, Effects of domestic politics on foreign policy.</i>
7	<i>Education and Livelihood</i>	<i>The national education policy, Public vs. private education system, Condition of the state education infrastructure, Jobs &amp; employment, Effects of industry 4.0 &amp; technology on job creation.</i>
8	<i>Public Health, Healthcare, Covid - 19 etc.</i>	<i>Public health, Medical infrastructure, Health policies, Pharma etc.</i>
9	<i>Books, Indian History, Art &amp; Culture</i>	<i>Books, Indian History, Art and Culture.</i>

”

3.5 The submissions of the assessee have duly been considered. A perusal of the initial response of the assessee as made on 22.12.2022 showed that it had claimed that it had been adhering to the rate card (as already reproduced above in



”

para 3.0), however when it was confronted again with the specific document which indicated specific rates provided in the addendum to the agreement with DPPPL, it has tried to give fresh justification vide its written submissions filed on 12.01.2023. A perusal of the rate card, claimed to be the basis of payments by the assessee, shows that the same does not have any special rates for 'Politics' but it has broad six categories viz news, Analysis; news, Analysis or opinion; deep reported and researched, multiple sources, expert opinion; documentary; investigative reporting and discussion/conversation on relevant issues. Thus the rate card is uniform irrespective of the topic of discussion viz politics, governance, law, corruption, defence etc. **In sharp contrast, the above referred schedule, which was found during survey showed such special rates.** At the cost of repetition, the said schedule is reproduced as follows:

**SCHEDULE 2**  
**PAYMENT TERMS**

**RATE CARD FOR PAYMENT FOR COMPOSITIONS PUBLISHED BY CONTENT PROVIDER**

Topics	Cost per story (Inclusive of all applicable Taxes (Rs.))
Politics, Governance, Policy, Corruption	1,00,000
Economy, Business, Free Press	1,00,000
Law & Society	1,00,000
Agriculture, Health, Water, Rural India	50,000
Defence and Strategic Affairs	50,000
Digital Governance, Science and Technology and Privacy	50,000
Education, Livelihood & Environment	50,000
Books, Indian History, Art & Culture	50,000
Regional, Rural, Society	50,000

3.6 In its reply dt. 09.02.2023, the assessee has just made generic claim that Caravan is an award-winning publication and that it doesn't support its print media, however these are not the issue under consideration. The issue, as discussed supra, is that of the relevance of the addendum and the control that the assessee is exercising on the said media through the same, which is not as per its objects. The above schedule clearly shows that the assessee had agreed to pay at

double the normal rate of Rs 50,000/- ie. @Rs 1,00,000/- per story if the topic is as specified by it, which includes politics. This clearly shows that by promising to pay at a higher rate it is trying to influence the media to publish more article on the topics of its choice. Further, the above schedule shows that the payment is on basis of cost per story (although required to be comprehensive) whereas the normal rate card shows the word length or time duration as the only basis for various broad categories. The assessee has tried to justify its action by claiming that 'Caravan' published by DPPPPL is a highly rated magazine which has won several awards. The issue here is not that of the quality of the content of the magazine but the fact that the assessee is promoting printing of political articles and trying to control the category of content published by paying differential rates. This clearly goes against the stated objectives of the trust. So although the normal rate card has been printed to show that it is meeting the objectives of the society but in the back ground it is entering into agreements to meet its political agenda by paying at higher rates for political articles by different media. This clearly shows that the actions of the assessee are in sharp violation to the objects of the trust as early as in June, 2018 (FY 2018-19) i.e the date of above agreement. **The same is a specified violation as per Explanation (a) and (e) to Section 12AB(4) of the Act.**

#### 4.0 Biased Promotion of select articles/issues:

In the show cause the assessee was confronted with the aspect that it had been influencing entities for publication of particular kind of stories/articles which are chosen by assessee trust and of interest to assessee trust. In response to the same, vide reply furnished on 22.12.2022, the assessee had submitted as follows:

*"28. This assertion is false and denied. The Assessee categorically states that it holds no influence on entities for publishing any 'Particular kind' of articles, The term 'particular kind' is also vague.*

29. However, it is specifically clarified that the Assessee does not influence any entity for publication of particular kind of stories / articles and the only interest that the Assessee has is in the public Interest.

- a) The Assessee's accent is on impact stories which influence society and the challenges faced on the ground by citizens.
- b) There is no accent whatsoever on any particular bent of stories, for, or against, any dispensation or ideology.
- c) However, editorial lines can tend to be biased in favour of democratic values, transparency and accountability in governance, social equality and equity which the Assessee's trustees support.
- d) The assessee generally emphasizes these aspects of the grantees coverage - a look at the Content Plan with various grantees would bear out this point.

The aspects emphasized are:

- i) Governance, ii) Education iii) Healthcare iv) Environment v) Rights
- vi) Discrimination vii) Gender viii) Celebrating India's history, heritage and monuments - especially the unsung heroes of the freedom movement, who have not got the recognition they deserve.
- e) It can be said that the assessee looks to the development, democracy and rights aspects of content and is emphatic on fairness and balance.
- f) support to coverage of politics is minimal and is not emphasized."

4.1 Further, during survey chats had been found in the cellphone of Mr. Sunil Rajshekhar (CEO of the assessee trust) from where it could be deciphered that Mr. Sunil Rajshekhar had been attempting to influence entities for publication of particular kind of stories. Mr. Sunil Rajshekhar had shared inputs on Whatsapp and had asked the concerned persons to take up particular kind of stories. Some of such chats are as follows:

• **Chat of Mr Sunil Rajshekhar with Mr Muhammed Suhail Mabrak:**

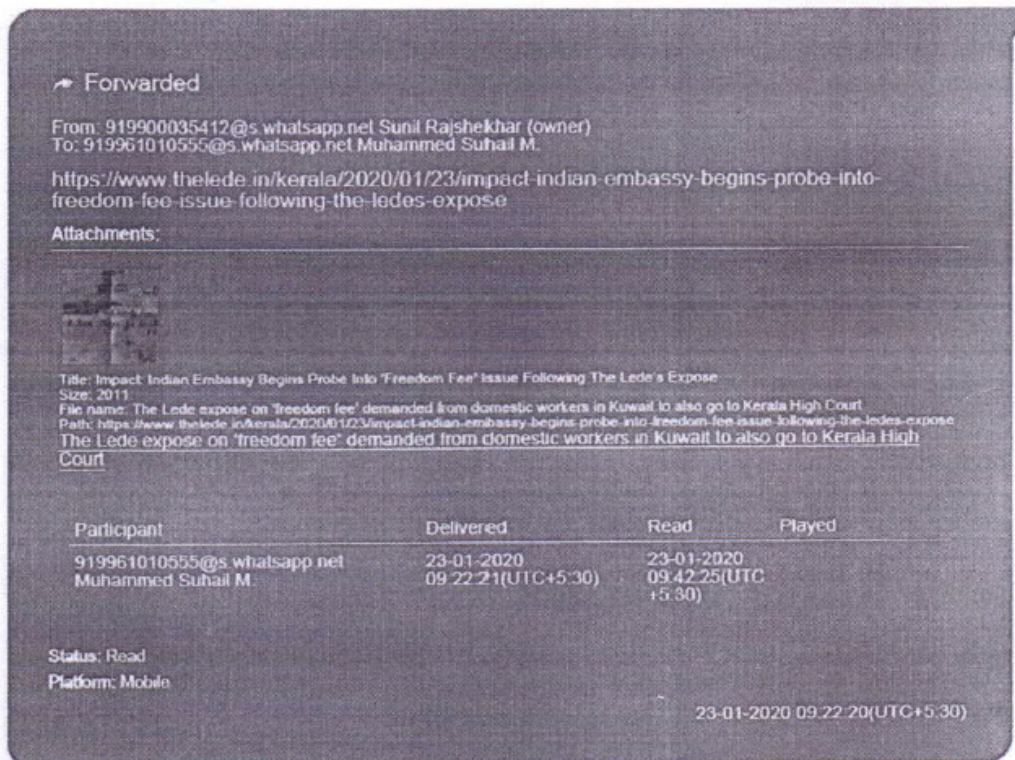
Mr Muhammed Suhail Mabrak is one of the Key Person of Dool 360 Private Limited. Dool 360 Private Limited had received the following grants from IPSMF:

Dool 360 Private Limited	FY	Grant received
	2017-18	27,56,849
	2018-19	71,91,121

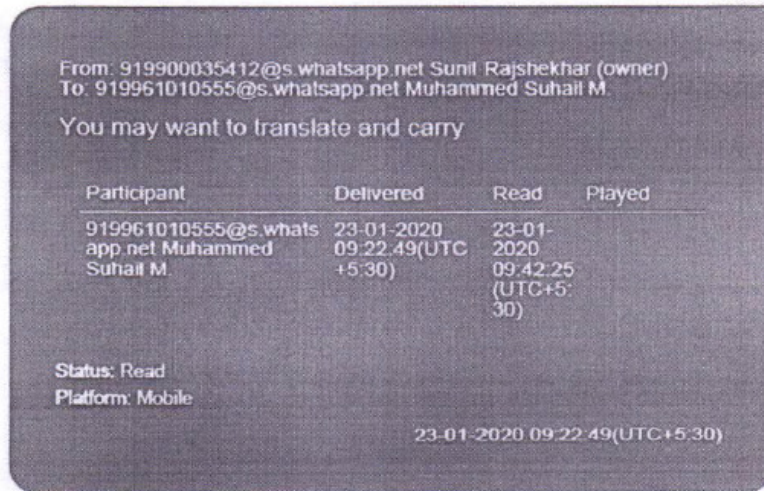


Dool 360 Private Limited	FY	Grant received
	2019-20	69,99,924
	2020-21	40,00,000
<b>Total Grant received</b>		<b>2,09,47,894</b>

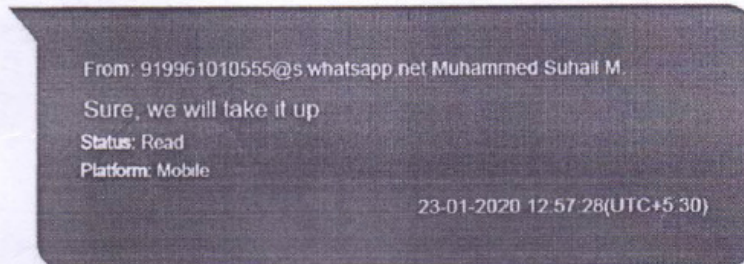
In the Chat between Mr Muhammed Suhail Mabarak and Mr. Sunil Rajshekhar, Mr Sunil Rajshekhar had given some links to Suhail and, in return, Mr. Suhail had replied affirmatively to take up the matter. This does not appear to be a genuine activity as it was a targeted news. The relevant part of chat is being reproduced as follows:



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Source Info:  
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 iPhone/mobile/Containers/Shared/AppGroup/group.net.whatsapp.WhatsApp.shared/Library/Preferences/group.net.whatsapp.WhatsApp.shared.plist : 0x1D03 (Size: 18527 bytes)  
 Sunils  
 iPhone/mobile/Containers/Shared/AppGroup/group.net.whatsapp.WhatsApp.shared/ContactsV2.sqlite : 0xA4817 (Table: ZWAADDRESSBOOKCONTACT, Size: 1253376 bytes)



Source Info:  
 Sunils  
 iPhone/mobile/Containers/Shared/AppGroup/group.net.whatsapp.WhatsApp.shared/ChatStorage.sqlite : 0x288878 (Table: ZWAMESSAGE, Size: 204902400 bytes)  
 Sunils  
 iPhone/mobile/Containers/Shared/AppGroup/group.net.whatsapp.WhatsApp.shared/ContactsV2.sqlite : 0xA4817 (Table: ZWAADDRESSBOOKCONTACT, Size: 1253376 bytes)

• **Chat between Mr Vignesh Vellore (Key person of Spunklane Media Pvt Ltd) and Mr Sunil Rajshekhar:**

In the Chat between Mr Vignesh Vellore (Key person of Spunklane Media Pvt Ltd) and Mr Sunil Rajshekhar, it is observed that Mr Sunil Rajshekhar is giving inputs for a particular kind of story. This also goes against the charitable

purpose of IPSMF wherein its objects are meant to provide only financial sup to media entities. The chat is produced as follows:

Forwarded

From: 919900035412@s.whatsapp.net Sunil Rajshekhhar (owner)  
 To: 919900097142@s.whatsapp.net Vignesh Vellore

**\*SHORT NOTE ON THE BACKGROUND OF THE 'FAKE JOURNALISTS' CASE\***

- 26 September 2019: PIL filed by petitioner S Sekaran seeking formation of a team to investigate a report submitted by AG Ponn Manickavel, special officer-Idol wing. Petitioner alleged fallacious investigation data in the report on idol theft.
- S Sekaran stated that he was a journalist with 'Manceeda Manam', a Tamil fortnightly publication.
- Doubt was expressed by Justices Kirubakaran and P Velmurugan as to the petitioner's credentials and claims of being a journalist. They asked him to submit sufficient documentary evidence to prove the same.
- On 12 January 2020, when the PIL came up for hearing, the Bench found the original ID of Khadar Badsha, Deputy Superintendent of Police, District Crime Branch Thiruvananthapuram, who is has been charged with helping sales of stolen idols.
- The Bench suo motu took up the case of fake journalists and fake publications as a result of this and impleaded: Secretary, Information and Public Relations Department of the Government of Tamil Nadu, Press Council of India, Madras Union of Journalists (MUJ), The Madras Reporters Guild and Chennai Press Club.
- The Bench posted the case for hearing on 21 January 2020 and asked the impleaded parties to answer the following questions:

- oHow many newspapers or magazines including weekly as well as fortnightly are registered with the Government of Tamil Nadu for the past 10 years? [year wise details in each category such as magazine or newspaper have to be given].
- oHow many persons are issued with press identity cards totally by the Government?
- oAre cases registered against people who are claiming to be press reporters for indulging in criminal activities? If it is so, how many cases have been filed and the present stage of those cases?
- oWhether people claiming as Press reporters are indulging in blackmailing and conducting Katta Panchayat?
- oIs there any Government scheme for the benefit of press people in case of any accidents or untimely death?
- oWho are all the members of the Accreditation committee and the media organisation they belong to and the circulation or viewership of the said media organisations?
- oOn what basis the members of the Accreditation committee are selected?
- oWhy not the State Government consider establishing a statutory body like Press Council of India to take action against the errant members?
- oWhat are all the list of journalist associations registered in Tamil Nadu?

-On 21 January 2020, five of us concerned working journalists filed a petition to implead ourselves to assist the court in this grave matter. The Hon'ble Bench has impleaded us. The next hearing is posted for February 05.

Participant	Delivered	Read	Played
919900097142@s.whatsapp.net Vignesh Vellore	21-01-2020 14:35:42(UTC+5:30)	21-01-2020 14:36:10(UTC+5:30)	

Status: Read  
 Platform: Mobile

21-01-2020 14:34:46(UTC+5:30)

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 Sun's iPhone/mobile/Containers/Shared/AppGroup/group.net whatsapp.WhatsApp shared/ContactsV2.sqlite : 0x9A176 (Table: ZWAADDRESSBOOKCONTACT; Size: 1253376 bytes)

← Forwarded

From: 919900035412@s.whatsapp.net Sunil Rajshekhhar (owner)  
 To: 919900097142@s.whatsapp.net Vignesh Vellore

Journalist Implead V4 18.01.pdf

**Attachments:**

Size: 319334  
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Participant	Delivered	Read	Played
919900097142@s.whatsapp.net Vignesh Vellore	21-01-2020 14:35:42(UTC+5:30)	21-01-2020 14:36:10 (UTC+5:30)	

Status: Read  
 Platform: Mobile

21-01-2020 14:35:19(UTC+5:30)

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From: 919900035412@s.whatsapp.net Sunil Rajshekhhar (owner)  
 To: 919900097142@s.whatsapp.net Vignesh Vellore

Sandhya Ravishankar of The Lede, has impleaded in the above case. This story may interest TNM readers

Participant	Delivered	Read	Played
919900097142@s.whatsapp.net Vignesh Vellore	21-01-2020 14:36:21(UTC+5:30)	21-01-2020 14:36:21(UTC+5:30)	

Status: Read  
 Platform: Mobile

21-01-2020 14:36:19(UTC+5:30)

Source Info  
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 Sunis iPhone/mobile/Containers/Shared/AppGroup/group net whatsapp WhatsApp shared/ContactsV2.sqlite 0x9A178 (Table ZWAADDRESSBOOKCONTACT; Size: 1253378 bytes)

Here it is important to point out that M/s Spunklane Media Pvt Ltd had received the following grants from assessee trust:

Spunklane Media Pvt Ltd	FY	Grant received
	2017-18	10,25,000
	2018-19	53,74,998
	2019-20	90,15,006
	2020-21	9,85,005
	2021-22	46,08,000
<b>Total Grant received</b>		<b>2,10,08,009</b>

• **Chat between Sunil Rajshekhar and Shekhar Gupta:**

M/s Printline Media Pvt Ltd (Mr Shekhar Gupta is one of the Key Person of Printline Media Pvt Ltd) had received the following grants from the assessee trust:

Printline Media Pvt Ltd	FY	Grant received
	2018-19	1,14,20,000
	2019-20	1,93,62,003
	2020-21	1,88,68,000
	2021-22	84,45,000
<b>Total Grant received</b>		<b>5,80,95,003</b>

Mr Sunil Rajshekhar had forwarded an email to Mr. Shekhar Gupta on 09.10.2020. Mr. Shekhar Gupta replied on 09.10.2020 and Mr. Sunil Rajshekhar had once again sent message on next day, i.e. 10.10.2020 about CLAT issue. Mr. Sunil Rajshekhar had shared information related to CLAT exams to be taken up for coverage. It clearly shows Mr. Sunil Rajshekhar had been trying to influence media entities, whom assessee trust gives funds, to get the stories of its choice published. In the name of financial support to independent media entities, the assessee trust is getting the stories of its choice got printed in the media. Chat between Mr. Shekhar Gupta and Mr. Sunil Rajshekhar is reproduced as follows:

From: 919900035412@s.whatsapp.net Sunil Rajshekhkar (owner)  
 To: 919810787842@s.whatsapp.net Shekhar Gupta

Hi Shekhar - had mailed you some information on the recent CLAT exams. There has been widespread discontent amongst students due to glitches on how the papers were evaluated. SC did not stay the results today. Could you go through the mail after which shall brief you on the source of the info. Rgds, Sunil

Participant	Delivered	Read	Played
919810787842@s.whatsapp.net Shekhar Gupta	09-10-2020 23:03:04(UTC+5:30)	09-10-2020 23:08:09(UTC+5:30)	

Status: Read  
 Platform: Mobile

09-10-2020 23:03:03(UTC+5:30)

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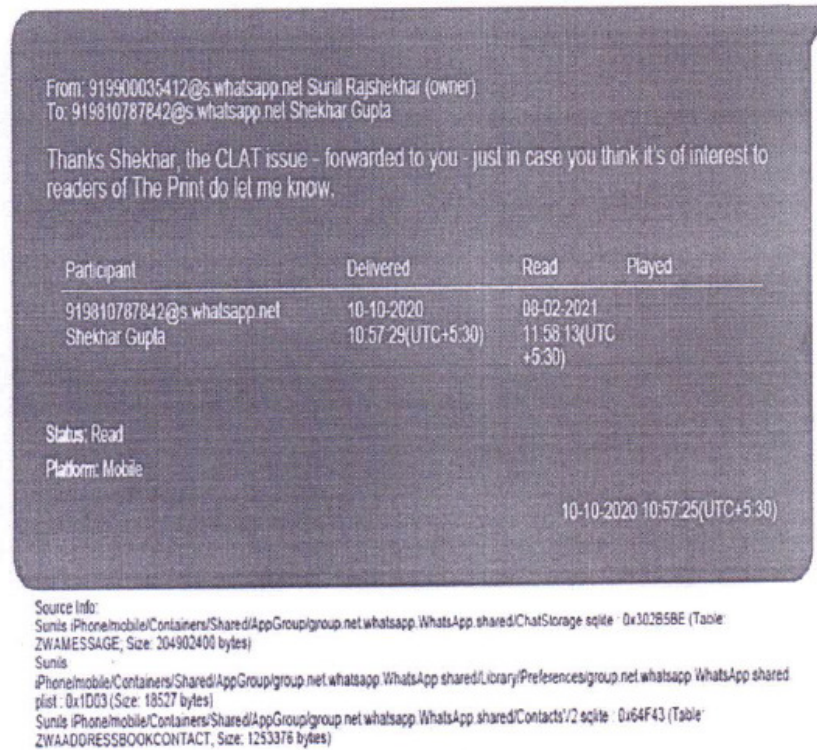
From: 919810787842@s.whatsapp.net Shekhar Gupta

Indeed yes... I got it. But Friday, so was a bit stressed... column day

Status: Read  
 Platform: Mobile

09-10-2020 23:08:52(UTC+5:30)

Source Info:  
 Sunil's iPhone/mobile/Containers/Shared/AppGroup/group.net.whatsapp.WhatsApp.shared/ChatStorage.sqlite - 0x302947A (Table: ZWAMESSAGE, Size: 204902400 bytes)  
 Sunil's iPhone/mobile/Containers/Shared/AppGroup/group.net.whatsapp.WhatsApp.shared/Contacts.v2.sqlite - 0x64F43 (Table: ZWAADDRESSBOOKCONTACT, Size: 1253376 bytes)



- **Chat of Mr Sunil Rajshekhar with Ms Barkha Dutt:**


Ms Barkha Dutt is a well-known journalist who is also one of the key persons of Barkha Dutt Media Pvt Ltd. During the last two years Barkha Dutt Media Pvt Ltd had received total Rs. 99,10,000/- (FY 2020-21-Rs 5,75,000/-, FY 2021-22, Rs.93,35,000/-) from the assessee trust. The WhatsApp chat of Mr Sunil Rajshekhar and Ms Barkha Dutt shows that Mr. Sunil Rajshekhar had shared a story with her which had not been picked up by mainstream media. Ms Barkha Dutt had replied positively to take up the story. The relevant extract is reproduced as follows:

OTHER WS 14AD(9) OF INCOME-TAX

From: 919900035412@s.whatsapp.net Sunil Rajshekhar (owner)  
 To: 919811112274@s.whatsapp.net Barkha Dutt

<https://www.pewresearch.org/fact-tank/2021/03/18/in-the-pandemic-indias-middle-class-shrinks-and-poverty-spreads-while-china-sees-smaller-changes/> A new Pew Research Center analysis finds that the middle class in India is estimated to have shrunk by 32 million in 2020 as a consequence of the downturn, compared with the number it may have reached absent the pandemic. This accounts for 60% of the global retreat in the number of people in the middle-income tier (defined here as people with incomes of \$10.01-\$20 a day) \*

Attachments:



Title: In the pandemic, India's middle class shrinks and poverty spreads while China sees smaller changes  
 Size: 10120  
 File name: The course of the pandemic in India and China will have a substantial effect on changes in the distribution of income at the global level  
 Path: https://www.pewresearch.org/fact-tank/2021/03/18/in-the-pandemic-indias-middle-class-shrinks-and-poverty-spreads-while-china-sees-smaller-changes/  
 The course of the pandemic in India and China will have a substantial effect on changes in the distribution of income at the global level

Participant	Delivered	Read	Played
919811112274@s.whatsapp.net Barkha Dutt	06-04-2021 12:15:35(UTC+5:30)	06-04-2021 12:37:03(UTC+5:30)	

Status: Read  
 Platform: Web  
 06-04-2021 12:15:32(UTC+5:30)

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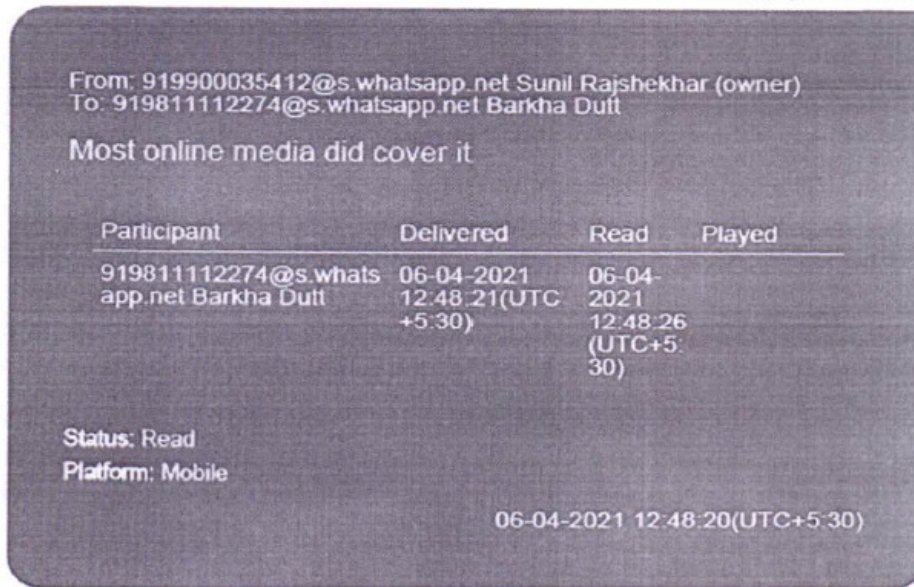
From: 919900035412@s.whatsapp.net Sunil Rajshekhar (owner)  
 To: 919811112274@s.whatsapp.net Barkha Dutt

This story hasn't been picked by mainstream media

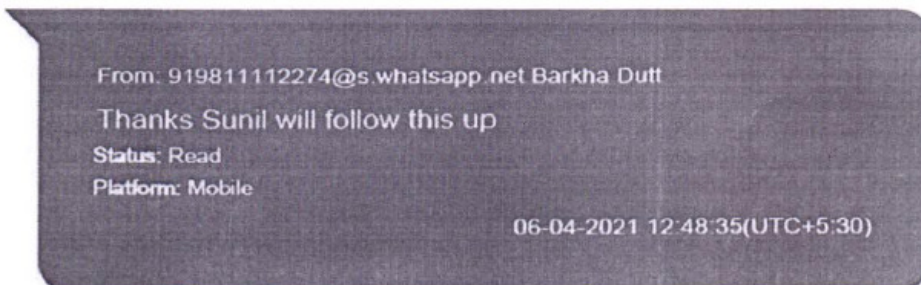
Participant	Delivered	Read	Played
919811112274@s.whatsapp.net Barkha Dutt	06-04-2021 12:16:54(UTC+5:30)	06-04-2021 12:37:03(UTC+5:30)	

Status: Read  
 Platform: Web  
 06-04-2021 12:16:45(UTC+5:30)

Source info  
 Sunils iPhone/mobile/Containers/Shared/AppGroup/group.net.whatsapp.WhatsApp.shared/ChatStorage.sqlite: 0x3595F8C (Table ZWAMESSAGE, Size: 204902400 bytes)  
 Sunils iPhone/mobile/Containers/Shared/AppGroup/group.net.whatsapp.WhatsApp.shared/Library/Preferences/group.net.whatsapp.WhatsApp.shared.plist: 0x1D03 (Size: 16527 bytes)  
 Sunils iPhone/mobile/Containers/Shared/AppGroup/group.net.whatsapp.WhatsApp.shared/ContactsV2.sqlite: 0xA0ABA (Table ZWAADDRESSBOOKCONTACT, Size: 1253376 bytes)



Source Info:  
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Sunils  
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Sunils  
iPhone/mobile/Containers/Shared/AppGroup/group.net.whatsapp.WhatsApp.shared/ContactsV2.sqlite : 0xA0ABA (Table: ZWAADDRESSBOOKCONTACT, Size: 1253376 bytes)



Source Info:  
Sunils  
iPhone/mobile/Containers/Shared/AppGroup/group.net.whatsapp.WhatsApp.shared/ChatStorage.sqlite : 0x3595857 (Table: ZWAMESSAGE, Size: 204902400 bytes)  
Sunils  
iPhone/mobile/Containers/Shared/AppGroup/group.net.whatsapp.WhatsApp.shared/ContactsV2.sqlite : 0xA0ABA (Table: ZWAADDRESSBOOKCONTACT, Size: 1253376 bytes)

4.2 Since the above details showed that the assessee was biased in promoting certain articles/issues, during hearing on 11.01.2023 the assessee was confronted with the chats between its CEO and other media entities being supported by it. In

response to the same the assessee made following submissions vide reply dt. 12.01.2023:

*"The Survey Team had accessed the Whatsapp Chat of CEO Sunil Rajshekhar with a few of the grantees. From the chats it is implied that these grantees/content providers are being influenced to write particular kind of stories.*

*IPSMF Response*

*IPSMF is not privy to the Survey report. Hence it is extremely difficult for us to understand the context under which the said chats are being quoted. We request you to share a copy of the Survey report, after which we will require at least a week's time to analyse the relevant chats as it will require us to also talk to the parties involved to ascertain the exact context of the Chat some of which have happened years ago.*

*Nevertheless, we have endeavoured to make a preliminary analysis of the Chats that you brought to our attention. On receipt of the Survey Report, we should be in a position to offer to you a more comprehensive and contextual response that what is offered below:*

***a. Chat with Muhammad Suhail founder of Dool News which received a funding of Rs.2.09 Cr***

*Sunil Rajshekhar (SR) shared a link with Suhail.*

*SR also messaged details of a Story{23 Jan 2020, 9.22AM delivery time and read at 9:45AM, delivered at 9.42.25 }. Suhail replied at 12.57.28 saying "sure, we will take it up". Please provide clear copy of the chat*

*IPSMF Response.*

*A clear copy of chat is at Annexure 9a*

*As a practice the Foundation encourages entities to share*

*i. Best practices adopted by other online media including its own grantees. exclusive stories.*

*ii. Translate Exclusive stories - entities in the regional languages are encouraged to translate and use English language content produced by other entities supported by the Foundation. This is an established practice at the Foundation where grantees/ content providers are encouraged to share/translate content.*

*In case (i) above, SR has provided a link of a Newsletter brought out by its other content provider- The Better India. This link is provided to encourage the grantee to consider bringing out a similar newsletter. It is completely upto the entity Dool News to evaluate the feasibility of a similar newsletter.*

*In case (ii) above an exclusive story brought out by another content provider The Lede is being offered to Dool News to translate into Malayalam.*

*As the time at hand for the response is too short, the relevant story as carried by The Lede (which closed its operations) could not be readily accessed. We are at this stage unable to verify if the story*

*was indeed translated into Malayalam although in the Chat response Mr Suhail of Dool News had confirmed that "Sure, we will take it up"*

***b. Chat with Vignesh Vellore of Spunklane Media Pvt Limited -The News Minute***

*IT Team Observations: Chat of- 21Jan 2020, time - 14.34.46, 14.35.42 and read at 14.36.10. same date, another message- a long message was sent along with a pdf of Sandhya Ravishankar impleading in a Court case. The message suggests that Vignesh Vellore has been asked to consider publishing the story as it could be of interest to TNM readers. Please provide clear copy of the chat.*

*IPSMF Response.*

*A clear copy of chat is at Annexure 9b*

*As indicated in the message, this is an important development for journalists and journalism. The Founder of Content Provider The Lede had impleaded in a case to assist the High Court in a grave matter where some persons were claiming to be Press Reporters and indulging in Criminal activities. These were allegedly fake journalists working for fake publications.*

*The story was forwarded to Mr Vignesh Vellore of The News Minute (TNM) which also covers Tamil Nadu with a suggestion that it may interest readers of The News Minute. In this case there was no response from Mr Vignesh Vellore. It may be assumed that it did not interest readers of TNM.*

*There was no question of influencing Vignesh Vellore and TNM to publish the story as much as it has been the Foundation's practice of encouraging grantees to share their stories for a wider audience reach in line with the Objectives spelt out in the IPSMF Trust deed.*

***c. Chat with Shekhar Gupta of The Printline Media Pvt Limited - The Print***

*Chat on 9 October 2020 - CLAT issues. Please provide clear copy of the chat.*

*IPSMF Response:*

*A clear copy of chat is at Annexure 9c*

*In this case a 'news source' who happened to know Mr Sunil Rajshekhar was aware that he knew Mr Shekhar Gupta and requested if the details for the story could be forwarded to Mr Gupta. Accordingly, the information was forwarded to Mr Gupta in case it was of interest to their readers. Mr Gupta responded saying he would look into it but as the chat shows, there was no further response from him perhaps because the story didn't seem to be of interest to their readers.*

*This is an instance of just connecting / introducing the 'news source' with/to Mr Gupta, as Mr Gupta did not respond the introduction was not made.*

***d. Chat with Barkha Dutt of Barkha Dutt Media Pvt Ltd (BDMPL) - Mojo Story***

*Chat shows a PEW Research link was shared on April 6th 2021 delivered 12.15.35, 12.16.24, 12.48.21 and replied at 12.48. The Chat message suggests that Barkha Dutt was influenced in carrying the story. Please provide clear copy of the chat.*

*IPSMF Response:*

*A clear copy of chat is at Annexure 9d*

*A PEW research survey story on the impact of Covid was just out in April 2021. Since Barkha Dutt was involved in some intense ground reporting on the Pandemic, it was felt that the PEW survey would complement her work on Covid coverage, just in case she felt it would interest her readers. Apparently, the story was already covered by Mojo Story earlier.*

*Here again, the Foundation attempting to influence Barkha or for that matter any other grantee is out of the question. Every grantee pursues his/her journalism independently.*

*Each of the above grantees produces hundreds of stories.*

*All of the above-mentioned instances at (a), (b), (c) and (d) are random conversations taken completely out of context. Each of the mentioned names are journalists of repute, known for their independence. Neither has the Foundation dictated to them what stories are to be carried nor would they allow themselves to be so dictated.*

*We also assert that an occasional suggestion to a grantee or CCA partner is only a suggestion, there is nothing mandatory or coercive in a such suggestion, or exertion of influence, and the matter is left to the grantee or CCA partner, to act or not act according to their choice. In the cases cited, the grantee or CCA partner did not take any action as suggested, or we do not know whether the suggestion was accepted or not, as no subsequent monitoring was done. This makes it clear that there was no exercise of control."*

**4.3** *Vide reply dt. 09.02.2023, the assessee has further submitted as follows:*

*"40. On the point of the CEO Sunil Rajshekhar attempting to influence four journalists, Shekhar Gupta of The Print, Barkha Dutt of Mojo Story, Vignesh Vellore of The News Minute and Mohammed Suhail of Dool News, into carrying stories thereby implying a hold on them, the assessee has clarified in its submissions dated January 12, 2023 and January 13, 2023 with contextual explanations on each of the 4 instances. The CEO, Sunil Rajshekhar, has also submitted an affidavit stating that the purpose of the conversations in no way related to the action of exerting the least bit of pressure on any of the grantees/content providers.*

*41. The Foundation had approached the above mentioned founders of the 4 entities for their understanding of the WhatsApp chat conversations. From their response, it is clear that none of them have interpreted the conversations in the manner in which the department has sought to insinuate. Each of them have pointed out that:*

- a. they had not followed up on the suggestions made and*
- b. that they have no instances where the Foundation has exerted any pressure to carry a story.*

*Letters from the four Founder Journalists are at Annexure 14."*

4.4 The submissions of the assessee have duly been considered. As regards shortage of time, as discussed supra, sufficient time was allowed to the assessee even after submission of its reply so as to enable it to furnish any further details. However, no such further details have been submitted. As regards providing the assessee with copy of the survey report, the same is not required as the assessee is not expected to respond to the opinion of the officer in the said report but to the evidence collected during survey. The requisite evidence, on the basis of which show cause notice has been issued, has duly been made available to the assessee for filing its reply. So these arguments of the assessee are devoid of any merit and hence the same are rejected.

4.5 On the issue of biased promotion of select articles/issues as evidenced by the chats between the CEO and various media persons, the reply of the assessee is generic and meant to wriggle out of the situation. In relation to chat with Mr Muhammed Suhail, the assessee has tried to explain it as mere sharing of best practices followed by one media with another media to which grants were being provided. The assessee has also argued that it was not sure as to whether the story was actually carried out by the other grantee or not. However, these arguments of the assessee are found to be very generic. The issue is that of the assessee trying to influence the grantee to take up a particular issue. Whether the same is actually taken up or not is secondary. The chats found during the survey may not be the only ones but the recent ones, as available in the communication device used by the CEO. So these are crucial and do show that the assessee was trying to influence its grantees regarding what news to take up, if they wanted the grants to continue. Here what is important is the relation between the assessee and the grantee, and the assessee certainly has the upper hand. In this instance the assessee has asked the grantee to '*translate and carry*' and response is '*Sure, we will take it up*'. So the argument of the assessee that it had only tried to encourage

the grantee to consider bringing out a similar newsletter as in the link, is just a make believe story, far from truth.

**4.6** In relation to chat with Vignesh Vellore of Spunklane Media Pvt Limited, the assessee has tried to explain it by submitting that its CEO had merely forwarded the story to Mr Vignesh Vellore of The News Minute (TNM) which also covers Tamil Nadu with a suggestion that it may interest readers of The News Minute. The assessee has submitted that there was no response from Mr Vignesh Vellore and so it may be assumed that it did not interest readers of TNM. However, these arguments of the assessee are once again found to be very generic. The issue is that of the assessee trying to influence the grantee to take up a particular issue. Whether the same is actually taken up or not is secondary. The chats do show that the assessee was trying to influence its grantees regarding what news to take up, if they wanted the grants to continue. So the argument of the assessee that it had merely forwarded the information, is just a make believe story, far from truth.

**4.7** In relation to chat with Mr Shekhar Gupta of The Printline Media Pvt Limited, the assessee has tried to explain it by submitting that its CEO had merely forwarded the story to Mr Shekhar Gupta on request made by a 'news source' who happened to know Mr Sunil Rajshekhar. As per assessee, Mr Gupta responded by saying that he would look into it. The assessee has argued that the same was an instance of just connecting/introducing the 'news source' with/to Mr Gupta. However, these arguments of the assessee are once again found to be very generic and do not draw any confidence. The issue is that of the assessee trying to influence the grantee to take up a particular issue. Whether the same is actually taken up or not is secondary. The chats do show that the assessee was trying to influence its grantees regarding what news to take up, if they wanted the grants to continue. In this instance the assessee had made aware the grantee about widespread discontent amongst students about CLAT exams and sought his indulgence. The grantee had responded '*Indeed yes... I got it*'. Subsequently the

CEO thanked him and forwarded further details. So the argument of the assessee that it had only tried to connect a 'news source' to Mr Gupta, is just a make believe story, far from truth.

**4.8** In relation to chat with Ms Barkha Dutt, the assessee has tried to explain it by submitting that a PEW research survey story on the impact of Covid was just out in April 2021 and that since Ms Barkha Dutt was involved in some intense ground reporting on the Pandemic, it was felt that the PEW survey would complement her work on Covid coverage, just in case she felt it would interest her readers. As such its CEO had merely forwarded the story to her. However, these arguments of the assessee are once again found to be very generic and do not draw any confidence. The issue is that of the assessee trying to influence the grantee to take up a particular issue. The chats do show that the assessee was trying to influence its grantees regarding what news to take up, if they wanted the grants to continue. In this instance the assessee had made aware the grantee about an issue and prompting it to report by saying '*the story hasn't been picked by mainstream media*', '*Most online media did cover it*'. In response Ms Barkha Dutt replied, '*Thanks Sunil will follow this up*'. This clearly shows the influence of the CEO, acting on behalf of the assessee, that the issue to be reported was being controlled by the assessee and the grantees could not say 'NO' to it. So the argument of the assessee that it had just passed the information which complemented her work, is just a make believe story, far from truth.

**4.9** Although in its submissions the assessee has relied upon an affidavit of the CEO and letters from the grantees to support its contention that it had not tried to influence the grantees and that the grantees were not influenced, however the same are just unsubstantiated self-serving documents, which cannot be relied upon.

**4.10** The above discussion leads to the conclusion that the assessee was actively involved in influencing various grantees for publication of particular kind of stories/articles which were chosen by assessee trust and were of interest to assessee trust. This is not as per its objects. **The same is a specified violation as per Explanation (a) and (e) to Section 12AB(4) of the Act. The chats relate to previous years 2019-20, 2020-21 and 2021-22. The grants given to these persons relate to previous years 2017-18 to 2021-22.** In view of the above specific instances this can be concluded that the assessee had always been influencing these grantees ever since the grants were being given to them with purpose of ensuring spread of targeted news.

#### **5.0 Supporting Publicization of Polarised Contents:**

In the show cause the assessee was confronted with the aspect that it was involved in lending monetary support to entities involved in publication of polarized content against a section of society. In response to the same, vide reply furnished on 22.12.2022, the assessee had submitted as follows:

"30. "Ø Supporting publicization of polarised contents:

*It was seen that assessee trust was involved in lending monetary support to entities involved in publication of polarized content against a section of society."*

*31. This assertion is completely unsubstantiated and denied. Even if, arguendo, content is said to be polarised, "polarisation" is a vague term. If publications of any kind are within the bounds of article 19(1)(a) of the Constitution, their tone, colour or nature cannot be called into question. The name of the entities supported, the content which polarised, and the section of the society so polarised are not specified. While the fact of polarisation is denied, there is no connection whatsoever between polarisation and the status of registration under section 12AB. The following observations of the Honourable Income-tax Appellate Tribunal in the case of Maharashtra Academy of Engineering and Educational Research<sup>1</sup> are relevant in this context. The ITAT relied on the judgement of the Supreme Court in Dr. T.A.Quereshi vs. CIT (287 ITR 547) and held as follows:*

<sup>1</sup> Maharashtra Academy of Engineering & Educational research (MAEER) vs. Commissioner of income tax (ITA 1669/Pn/2007 dated 8 September 2009) – 133 TTJ (Pune) 706, (2010) 36 DTR 321

*Assuming that these allegations are factual (no concession being made), the Assessee cannot be held responsible for the editorial content and views of the publication. Further, we would like to point out that for dealing with such issues like 'political', 'biased', 'polarisation' that are centred around journalistic ethics and conduct, the Government of India has set-up / appointed a body like the Press Council of India. We fail to understand the Income Tax department's remit in determining issues on what constitutes good journalism.*

32. *At the same time, the Assessee would like to emphatically state*
- a) *That it is inherently and foundationally against any polarization or incitement or bigotry in whatever form, especially in any story costed to the Foundation.*
  - b) *For the Assessee's trustees, renowned for their achievements and unimpeachable integrity, these are articles of faith and deeply held convictions and any suggestion to the contrary is repugnant – a quest for syncretic society, democratic values and harmony – the values that the Constitution of India enshrines and are foundational values for the Indian Republic.*
  - c) *Therefore, any story or content that is antithetical to these values is rigorously reviewed and turned down.*
  - d) *Conversely, the job of the media and journalism is to red-flag any attempt to incite, abet or polarize, to the extent that the story is based on facts.*
  - e) *Journalism, by its very nature, is anti-incumbent, if not adversarial. This is a character of the media all over the world. To bring out the dissonance between promises and delivery, expose corruption, bring out instances of discrimination based on religion, caste, language, etc.—anything that is ultra vires of the Constitutional values – irrespective of the political party and its ideology.*
  - f) *In the stance of the editorial leadership of a community one can find differentiated passions which lead to divergent interpretations on the same set of stories.”*

5.1 During hearing on 11.01.2023, the assessee was confronted with the specific details of the articles published by Saamarasya Media LLP and Janjwar Foundation, the entities it was supporting by way of grants. In response to the same, vide reply dated 12.01.2023, the assessee submitted as follows:

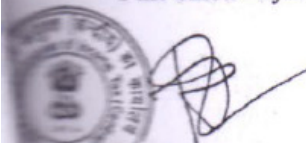
*“C. Biased Promotion of select articles/issues-*

*Article -14's Stories seem to target a particular community. The IT Survey identified the following stories which are biased: In two of the cases cited, the stories appeared outside the period of IPSMF funding, and therefore are not relevant to the matter at hand.*

L. *Headline: Exonerated, Still Anxious: 'Harassed For Being Muslims'*

*IPSMF Comments:*

- *Fact-based – after the fact of being exonerated by the courts.*



- All the members who were incarcerated, for periods ranging between 10 to 15 months, were accused of recruiting on the sly for a banned organisation.
- After being granted bail by the Gujarat High Court and the Supreme Court – eventually the chief judicial magistrate's court in Surat acquitted every one of them.
- The story has been done after the judiciary expressly exonerated the accused of any wrongdoing. Therefore, the journalism was done after the Court's clean chit about their culpability.
- Story is based on sourcing from the subjects of the story and based on one-to-one, on record interviews, where the victims clearly said that "they were summoned summarily to police stations for years. Some were sacked, some relocated their families, none could travel for work, for 19 years. Their businesses, jobs, families destroyed".
- Follows principles of journalism – objectivity (only after the court's verdict), sourced from the principals, detailed narration of events rather than speculation, adhering scrupulously to facts.
- For the record, the story was published on July 1, 2021, before IPSMF's funding to Article 14 began.

2. *Headline - Our new data base reveals rise in sedition cases in Modi Era*  
<https://www.article-14.com/post/our-new-database-reveals-rise-in-sedition-cases-in-the-modi-era>

*IPSMF Comments:*

- The database which took six months to collate is based on a database of the government's own statistics, from databases like the district court portal, state police websites, data from high courts; and law-centric websites like such as India Kanoon, SCC Online and Manupatra.
- Therefore, it is i) fact-based, ii) from official/ government/ court data.
- Article 14 has only collated and given it a shape – the data speaks for itself.

3. *No Evidence, No crime, Muslim Man arrested for selling shoes*  
<https://www.youtube.com/watch?v=Nh8QsIwhO8U&feature=youtu.be>

*IPSMF comments:*

- The story highlights how what would have been a miscarriage of justice was stopped in time.
- The story talks to both sides.
- It also underlines that the police, after ascertaining the facts, dropped section 153a - Promoting enmity between different groups – from the FIR.
- This is public interest journalism as it red flags a probable miscarriage of justice against a citizen, points out wanton vigilantism which may have adverse public consequences.
- Again, the story was published on January 08, 2021, whereas the Foundation's funding began only on September 1, 2021.



4. *Why Kashmiri Journalist Sajjad Gul faces police cases while doing his job.*  
<https://article-14.com/post/why-kashmiri-journalist-sajjad-gul-faces-police-cases-for-doing-his-job-61cbcd7784b6>

*IPSMF Comments:*

- *The duty of journalists to red flag intimidation and harassment of fellow scribes.*
- *The story is ground-sourced, on the record, and carries the versions of senior officers of law enforcement agencies.*
- *It is important, in a conflict situation, for the media to cast a critical eye on the behaviour of state agencies as in the stress and pressure, and in their justifiable need for protecting internal security, they may sometimes cross the line.*
- *This is, as long as it, like this story does, follow the principles of journalism -- in terms of, sourcing, fairness and balance.*

5. *As BJP talks of Law against conversion, attacks against Christians rise in Karnataka*  
<https://www.article-14.com/post/as-bjp-talks-up-law-against-conversions-attacks-against-christians-rise-in-karnataka--61b1cdd011061>

*IPSMF comments:*

- *The story is ground reported and deep researched.*
- *It not only covers all aspects of the issues but also talks to all the subjects in the story -- including the police -in fact, to the DGP of Karnataka -- and records their version.*
- *The report is also based on the fact-finding report of some organisation which while emphasising their stances and inclinations have at the same time put their name down on the reports publicly.*
- *All the quotes and assertions are on record.*
- *The report rather than promoting incitement points to instances and events that may actually provoke "enmity between communities".*
- *Red-flagging attempts at accentuating cleavages is the responsibility of the media.*

6. *Modi Govt keeps financial deal with Bharat Biotech secret*  
<https://article-14.com/post/modi-govt-keeps-financial-deal-with-bharat-biotech-secret-covaxin-among-world-s-costliest-vaccines--619317364e311>

*IPSMF comments:*

- *The story is based on RTI queries under the Right To Information (RTI) Act, 2005, over seven months.*
- *It is the privilege of the citizens to know the details of an instance where public monies were spent to generate a public good.*
- *This was pointed out by none other than India's Chief Information Commissioner (CIC) at that time, Mr Y K Sinha, who called the ICMR's refusal to provide government's funding date on Bharath Biotech "evasive and untenable".*



**OTHER WS 12AD(4) OF INCOME-TAX ACT**

- Therefore, the story was in complete public interest and relevant at a time of the pandemic when it was important for the media to hold any government to account.

7. *Sedition database – a decade of lawlessness*

<https://article-14.com/post/a-decade-of-darkness-our-new-database-reveals-how-a-law-discarded-by-most-democracies-is-misused-in-india-61fcb8768d15c>

*IPSMF Comments :*

- The database is based on extensive research.
- It went through 1,300 legal documents, 800 media reports, 125 first information reports (FIRs) and more than 70 interviews with those accused of sedition.

D. *Janjwar Foundation – funded Janjwar.com*

8. लोनी के अल्पसंख्यकों का आरोप, यूपी पुलिस ने दोहराई मुजफ्फरनगर जैसी गुंडागर्दी

<https://janjwar.com/post/janjwar-exclusive-loni-protesters-accused-up-police-reiterates-hooliganism-like-muzaffarnagar>

*IPSMF Comments:*

- The story brings home the plight of the citizens who perceive that they were discriminated against because they belonged to a certain community.
- The story is about state agencies who the citizens perceived were acting in a high-handed manner.
- The story clearly quotes citizens who say that all the communities in the area live in harmony and there is no ill-will or disharmony.
- Therefore, the story is far away from fomenting enmity between groups or communities – it only records and voices the citizens' dissatisfaction with the way that the police acted against them.

9. ग्राउंड रिपोर्ट : जामिया गोलिकान्ड को अंजाम देने वाले गोपाल को कहरपंथ की राजनीति सिखा कट्टा पकड़ाया किसने?

<https://janjwar.com/post/ground-report-jamia-golikand-ke-accuse-gopal-ko-itna-religious-banaya-kisne>

*IPSMF Comments:*

- The story brings out two aspects i) the family and the local community were totally opposed to what Gopal did, and ii) the story emphasises that the family and the local community assert and underline that they live in harmony in the area and did not have any ill-will or disharmony against other communities.
- The story brings out that in spite of the provocations aired in the social media, at the local and community level, the different communities emphasise their amity.



10. CAA-NPR के लिए सरकार नहीं मांग रही कोई कागज, 'कागज नहीं दिखाएंगे' के नारे के कारण आंदोलनकारियों में फैल रहा भारी भ्रम

<https://janjwar.com/post/what-is-the-reality-of-kagaj-nahi-dikhayenge-munish-kumar>

*IPSMF Comments;*

- *This is an opinion piece, akin to a column in print.*
- *While there are grave charges voiced against the government on the issues of CAA and NPR, they are not personal or amount to libel.*
- *It is more in the nature of making a political point which is in line with the format of an opinion piece.*

11. जनज्वार इम्पैक्ट : अंबेडकर-बुद्ध की कथा सुन रहे दलितों पर लाठी-डंडों से हमला मामले में 8 आरोपियों को जेल

<https://janjwar.com/post/janjwar-impact-8-accused-sent-to-jail-for-assault-with-sticks-on-dalits-in-kanpur-dehat-manish-dubey>

*IPSMF Comments:*

- *A story on caste tensions in a village. A particular community felt threatened when an event they had organised was disrupted by elements of another community.*
- *The story points to the fact that timely intervention by the police by establishing a dialogue between the communities eased the situation.*
- *The story also notes that the SDM and posse of the local police were stationed in the village to ensure that no untoward incident happened*

12. *Headline:* दिल्ली के शाहीनबाग में पिछले 14 दिनों से CAA और NRC के खिलाफ महिलाओं का आंदोलन जारी

*IPSMF Comments:*

- *Captures angry reactions by women in Shaheen Bagh against the perceived potential injustices of CAA and NPR.*
- *At the same time, the story also vividly captures the strong articulation by the protestors of their faith and allegiance to the Constitution of India and in constitutional methods."*

5.2 The submissions of the assessee have duly been considered. Saamarasya Media LLP, having its office at Gopala Krishna Complex, 45/3 Residency Road, MG Road, Bangalore is a media entity providing digital news and articles under name 'Article14'. The assessee had granted an amount of Rs 52,95,000/- to it during the FY 2021-22. On analysis of the digital content on the website of Article14 it could be seen that some of the content published by it targeted particular kind of community. A few of such articles are as follows:



Headline of the article	Weblink of the article	Theme of the article
Our new database reveals rise in sedition cases in the Modi Era	<a href="https://www.article-14.com/post/our-new-database-reveals-rise-in-sedition-cases-in-the-modi-era">https://www.article-14.com/post/our-new-database-reveals-rise-in-sedition-cases-in-the-modi-era</a>	Sedition law
Tortured, Harassed, Accused of Terror- Framed for being Muslim in India	<a href="https://twitter.com/Article14live/status/1413322849859694593?s=20">https://twitter.com/Article14live/status/1413322849859694593?s=20</a>	Miscarriage of Justice
No evidence no crime: Muslim man arrested for selling shoes	<a href="https://twitter.com/Article14live/status/1347386945979248647?s=20">https://twitter.com/Article14live/status/1347386945979248647?s=20</a>	Miscarriage of Justice for Muslim
Why Kashmiri journalist Sajad Gul faces police cases for doing his job	<a href="https://www.article-14.com/post/why-kashmiri-journalist-sajad-gul-faces-police-cases-for-doing-his-job-61cbcd7784b6">https://www.article-14.com/post/why-kashmiri-journalist-sajad-gul-faces-police-cases-for-doing-his-job-61cbcd7784b6</a>	Censorship & False Cases
As BJP talks up law against conversions, attacks against Christians rise in Karnataka	<a href="https://www.article-14.com/post/as-bjp-talks-up-law-against-conversions-attacks-against-christians-rise-in-karnataka--61b1cdd011061">https://www.article-14.com/post/as-bjp-talks-up-law-against-conversions-attacks-against-christians-rise-in-karnataka--61b1cdd011061</a>	Legislation
Sedition Database: A Decade of Darkness	<a href="https://sedition.article-14.com/">https://sedition.article-14.com/</a>	Sedition law

5.3 Janjwar Foundation having its office at 168/5, Sector-16 Vasundhara, Ghaziabad, Uttar Pradesh, is also involved in publishing polarized articles. Some of such articles and news published are as follows:

Headline of article	Link of article
लोनी के अल्पसंख्यकों का आरोप, यूपी पुलिस ने दोहराई मुजफ्फरनगर जैसी गुंडागर्दी	Text URL: <a href="https://janjwar.com/post/janjwar-exclusive-loni-protesters-accused-up-police-reiterates-hooliganism-like-muzaffarnagar">https://janjwar.com/post/janjwar-exclusive-loni-protesters-accused-up-police-reiterates-hooliganism-like-muzaffarnagar</a>
जामिया गोलिकांड को अंजाम देने वाले गोपाल को कहरपंथ की राजनीति सिखा कट्टा पकड़ाया किसने ?	Text URL: <a href="https://janjwar.com/post/ground-report-jamia-golikand-ke-accuse-gopal-ko-itna-religious-banaya-kisne">https://janjwar.com/post/ground-report-jamia-golikand-ke-accuse-gopal-ko-itna-religious-banaya-kisne</a>
CAA-NPR के लिए सरकार नहीं मांग रही कोई कागज, 'कागज नहीं दिखाएंगे' के नारे के कारण आंदोलनकारियों में फैल रहा भारी भ्रम	Text URL: <a href="https://janjwar.com/post/what-is-the-reality-of-kagaj-nahi-dikhayenge-munish-kumar">https://janjwar.com/post/what-is-the-reality-of-kagaj-nahi-dikhayenge-munish-kumar</a>



Headline of article	Link of article
अंबेडकर-बुद्ध की कथा सुन रहे दलितों पर लाठी-डंडों से हमला मामले में 8 आरोपियों को जेल	Story URL: <a href="https://janjwar.com/post/janjwar-impact-8-accused-sent-to-jail-for-assault-with-sticks-on-dalits-in-kanpur-dehat-manish-dubey">https://janjwar.com/post/janjwar-impact-8-accused-sent-to-jail-for-assault-with-sticks-on-dalits-in-kanpur-dehat-manish-dubey</a>
500 रुपए लेकर धरना देने के आरोप पर शाहीन बाग की महिलाओं ने दिया जवाब	Text URL: <a href="https://janjwar.com/post/caa-womens-protest-continues-in-delhis-shaheenbagh-for-last-13-days">https://janjwar.com/post/caa-womens-protest-continues-in-delhis-shaheenbagh-for-last-13-days</a>

**5.4** A perusal of these articles show that most of them try to impress about excesses on a particular community in a way to sensationalize the matter with the motive of polarization of the society. In its reply the assessee has tried to justify each of such article and claimed that Government of India has set-up/appointed a body like the Press Council of India (PCI) to look into such matters and the said body has not taken any action against the above referred entities. However, this argument of the assessee is devoid of any merit. The powers of the PCI are limited to a complaint filed by an editor or journalist about the professional misconduct or violation of journalistic ethics by some editor or journalist. Further, there are two main factors that restrict the powers of the PCI. Firstly, it only has the power to enforce standards on the print media and has no powers to enforce standards on the Electronic media (Radio, television, internet comes under electronic media). Secondly, while enforcing the issued guidelines, it has very limited powers and it cannot penalize anyone for violation of the guidelines. It can only issue warnings and criticize the guilty. Since in the case of assessee, the electronic media was involved, the PCI could not have been expected to take any action. The assessee has argued that there wasn't any infringement of laws governing digital media in India by any of the grantees supported by it. However, as discussed supra, the issue is not that of acts of the grantee but whether the acts of the assessee are within the scope of the objects of the trust and whether there were any specified violations.



5.5 The assessee has also tried to justify each of the articles confronted to it. However, the comments are generic and do not carry much weight. A perusal of these articles itself shows that the purpose of most of the same appeared to be to incite hatred against a specific community by showing that another community was being targeted unnecessarily. Although reporting criminal acts may not be incorrect, however the aspect of sensationalizing by emphasizing on caste/religion, so as to represent it as excess on a particular community does lead to polarization and the assessee trust was into promoting such journalism, which is far away from its objects. In relation to two of the articles, the assessee has contended that the same were published before the grant was given. However, this does not help the assessee and on the contrary supports the above charge that the assessee was selecting such entities for grant who were involved in such activities although the same was against the objects of the trust. In his statement recorded on 07.09.2022, Sh Aditya N S had clearly stated that before agreeing to give grant to any grantee the contents published on its website are evaluated. So while entering into agreement with these entities the assessee trust was well aware of the nature of contents being published by them. As such there were **specified violations as per Explanation (a) and (e) to Section 12AB(4) of the Act. The grants were given during previous year 2021-22.**

**6.0 Grants to profit making entities in form of professional fees:**

In his statement, Mr. Sunil Rajshekhar had admitted that funds received by assessee trust had been utilized for giving grant to 'not for profit' organisation and as 'content commissioning charges' to commercial organization as 'professional fee'. Relevant part of his statement recorded under Section 131(1A) of the Income-tax Act on 07.09.2022, is reproduced as follows:



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Q.17	Please give the details of the application of fund received by M/s Independent and Public-Spirited Media Foundation. How do you utilise the fund received from Donor?
Ans.	Sir, Fund is majorly used for online digital media as under: -  1. Giving Grants to non-profit organisations. 2. Content Commissioning to for profit organisations. 3. Operational expense of the foundation is also incurred.

**6.1** The details of Professional fee paid by IPSMF to the profit-making entities between FY 2016-17 to FY 2021-22 is tabulated as follows:

S.No	Name of the Entity	PAN	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
1.	Asiaville Interactive Private Limited	AAQCA2781B				59,90,000	88,08,000	56,54,000
2.	Azhimukham Media Pvt Ltd	AAMCA6383M			29,59,391	61,00,000	43,03,999	
3.	Atvi Infotainment Pvt Ltd	AAPCA5045D		18,28,000	90,76,000	54,34,001	39,89,000	2,03,27,001
4.	Bastion Media LLP	AASFB3580G				14,90,001	35,05,000	34,94,997
5.	Chambal Media Private Limited	AAGCC2429L				41,46,000	56,01,000	50,40,000
6.	Delhi Press Patra Prakashan Pvt Ltd	AAACD3244J			1,19,50,033	1,16,00,011	1,19,29,998	73,10,000
7.	Dool 360 Private Limited	AAECD8980H		27,56,849	71,91,121	69,99,924	40,00,000	
8.	Every Voice Matters Private Limited	AAFCE4626G				33,79,999	33,40,000	24,00,000
9.	FII Media Private Limited	AADCF9008K				8,10,000	41,90,000	50,00,000
10.	FIVEWS LLP	AAGFF4722L				58,79,975	26,98,000	
11.	Gaon Connection Pvt Ltd	AAFCG4469H	75,11,758	64,33,738				
12.	Ippodhu Digital Media Pvt Ltd	AADCI8118D	39,01,720	14,03,690				
13.	Kenrise Media Pvt Ltd	AAGCK2542J	1,44,900	25,62,940	43,85,600	29,85,001	30,00,000	
14.	Kovai Media Pvt Ltd	AAECK6611Q		6,67,501	38,59,993	50,43,002	44,51,000	46,19,000
15.	LHI Digital Private Limited	AADCL3009J				78,85,043	1,02,35,001	70,54,000
16.	Live Law Media Pvt Ltd	AACCL4862C	55,22,681	44,55,587	71,18,009	81,33,996	24,84,998	
17.	Mahmaharashtra Media Solutions LLP	ABEFM7926N			12,45,000	77,39,998	29,09,000	45,92,000
18.	Printline Media Pvt Ltd	AAICP7988B			1,14,20,000	1,93,62,003	1,88,68,000	84,45,000
19.	Spunklane Media Pvt Ltd	AAWCS2326J		10,25,000	53,74,998	90,15,006	9,85,005	46,08,000
20.	Vikara Media Pvt Ltd	AAFCV0080M	79,04,259	99,69,799	78,19,436			
21.	Yonika Infotainment Private Limited	AABCY0847P				35,92,999	21,35,500	26,57,000
	<b>Grand Total</b>		<b>2,49,85,318</b>	<b>3,11,03,104</b>	<b>7,23,99,581</b>	<b>11,55,86,959</b>	<b>9,74,33,501</b>	<b>8,12,00,998</b>



**6.2** On being confronted with this issue, vide reply filed on 22.12.2022, the assessee submitted as follows:

*"34. All these assertions are denied. The Assessee submits that it is incorrect to state that the CCA (service agreements as described in the SCN) contain no details of the services to be rendered.*

*The relevant extracts of the trust deed are reproduced below:*

*4.4 To create public interest content, achieve wider distribution and consumption of public interest content, provide services to support content creation & distribution*

*4.7 To catalyse: (a) the wide distribution of public-interest content, particularly through the mainstream media; (b) the curation of public-interest content and its wide distribution digitally*

*The above clauses of the trust deed (a copy of trust deed is enclosed as Annexure 1) permits the Assessee to create public interest content, achieve wider distribution and consumption of such public interest content. In pursuance of such objective, the Assessee engages news organisations under CCA to create as well as publish content to achieve wider distribution. The creation and publication of stories / articles by the content providers / service providers is the service received by the Assessee. Further, the notice contains no reference to any agreement where the nature of services is not specified, the Assessee also submits that GST was charged on the content commissioning fee paid under the CCA, further substantiates that the payments are in lieu of services received to the Assessee. Further, the Assessee submits that the basis for your conclusion for classifying these payments as grants is not clarified in the SCN.*

*35. Without prejudice to above, the Assessee further submits that even if such payments made by the Assessee were held to be in nature of grants, such grants to for-profit entities would qualify as valid application for the purpose of Section 11 of the Act. Section 11 does not prohibit grants to for-profit entity and any expenditure incurred by a registered charitable trust must be allowed as application so long as such expenditure is for the charitable purpose and is in accordance with the objectives of the trust. As stated above, payments made under the CCA furthers the objectives of the trust and is therefore a valid application in its hands.*

*36. The Assessee further relies on the following extract from the decision of ITAT, Delhi in the case of Devki Devi Foundation vs DIT(E) (2019) 110 Taxmann.com 492, where it was held that using third party unrelated service providers to achieve the purposes of the trust cannot be the basis to deny exemption or cancel registration.*

*"49. It has been held in various decisions that entering into agreements/contracts by a charitable organization with unrelated third party/private commercial entities not falling within the prohibited category of persons specified u/s 13(3) to avail the services for achieving the purpose of charitable object does not militate against the charitable nature of*



*the organisation and to deny exemption u/s 11 or withdraw registration u/s 12AA (3) of the IT Act. We find the Delhi Bench of the Tribunal in the case of R.B. Seth Jessa Ram Charitable Hospital (supra) has upheld the order of the CIT(A) directing the Assessing Officer to allow exemption u/s 11 of the Act under somewhat similar circumstances."*

**6.3** Vide reply dt. 12.01.2023, the assessee made following submissions:

*"E. Grants to profit making entities in form of professional fees  
About Rs.46Cr up to March 31, 2022 has been paid through CCA. There were no services rendered, but the fees were paid. Money was just transferred to these 21 entities. The money spent on these entities cannot be considered as application of funds.*

*IPSMF Response :*

*The IPSMF trust was set-up with an objective of promoting public interest journalism in India and enable dissemination of public interest information through digital media, mass media, social media or otherwise to bring about proper awareness and improve public understanding of the issue concerning the public at large. The relevant extracts of the trust deed is reproduced below for your reference:*

*"4.4 To create public interest content, achieve wider distribution and consumption of public interest content.....*

*4.7 To catalyse: (a) the wide distribution of public-interest content, particularly through the mainstream media; (b) the curation of public-interest content and its wide distribution digitally"*

*In furtherance of the above object of the IPSMF trust, IPSMF engages the content providers under CCA to create public interest content (in form of articles, videos, etc) broadly in the areas concerning the public at large such as environment, governance, corruption, agriculture, health, education, law and order, women issues, etc. IPSMF contracts the content providers to create public interest content in these broad areas as well as publish such content on its website, social media and other mass media to achieve wide distribution and consumption of such content by the public.*

*The creation of such public interest content as well as its distribution is the service provided by the content providers under the CCA. The terms of payment as stated in the CCA also depends upon the type of content (video, text, duration / length of articles) and the number of contents published by the content provider.*

*IPSMF further submits that although the broad areas in which content are to be created is stated in the CCA, IPSMF does not exert any influence over the content providers nor has any editorial overview over the content being published. This ensures that the content produced by the content providers is independent of any influence.*



*However, IPSMF undertakes periodic review of content published by content providers (such review is undertaken post publication of content) to ensure that content published is in accordance with the terms of CCA (such as compliance with operating standards, values, etc) and is in public interest. This ensures that the services are rendered by the content providers in accordance with the terms in CCA and the stated objective of the IPSMF'S trust deed is achieved.*

*Accordingly, the IPSMF submits that payment made by the IPSMF to the content providers under the CCA is an expenditure (and not grant made by the IPSMF) incurred by IPSMF in furtherance of its objects and accordingly qualifies as a valid application of income under the provisions of Section 11 of Income Tax Act, 1961 ("the Act").*

*We had also stated in paragraph 2 of our written submissions filed on 22.12.22 that the proposed action is wholly disproportionate. Even if the allegations are correct (no concession made) cancellation of registration is not permissible in law and will be wholly disproportionate as the allegations touch upon a minuscule portion of the expenditure. Please see the decision of the Bombay High Court in CIT vs. Manekji Mota Charitable Trust (2019) 109 taxmann.com 258 and the order of the Supreme Court dismissing the departmental SLP reported in 120 taxmann.com 58. In this case the trust had spent 71% of the gross receipt as per its objects and 21% had been spent on religious purposes. Registration was denied on this ground. The High Court held in favour of the assessee holding that these are matters to be examined at the time of assessment and cannot justify denial of registration. The two case laws are attached as Annexure 10*

*We would also like to add that IPSMF has at all times endeavoured to ensure that the independent journalism produced by its grantees and content providers does not impact the Foundation.*

*The objectives provided in the Trust Deed set out the contours for some of the activities IPSMF may undertake. An analysis of the above objects reflects that there is no restriction in terms of the nature of mode of funding, support or assistance IPSMF may provide subject to achieving the end objectives. There is no restriction on IPSMF in entering into content commissioning agreements with any third party (which need not be a charitable entity also) so long as the commissioned articles achieves the objectives of IPSMF.*

*It is our contention that specific disallowances based on the random instances cited in the Survey report, even if done, should not lead to an across the board penalising of IPSMF in such manner as to disable it completely. That would be a wholly disproportionate penalty."*



**6.4** An analysis of the books of account of the assessee trust shows that it had made huge payments to various profit-making entities in the form of professional fees. Assessee did not appear to have received any service in return from these entities. The payments had been made by assessee trust to the beneficiaries for the activities which were being carried out by them in their normal course of their business. The activities performed by these profit-making entities cannot be regarded as service rendered to assessee trust due to the following reasons:

1. Assessee trust was not the owner of the content
2. Stories/articles were published on the web-pages of these profit-making entities only in their normal course of business.
3. Work done by these entities cannot be used by assessee trust for furtherance of its objective.
4. Terms and conditions of the agreement were only related to activities of the entity for itself without having any benefit to assessee trust.
5. It could be seen from the payment plan that payments were being made to entities for their own business operation. The act of assessee trust only amounts to subsidizing these entities but does not entail any provisioning of services.
6. Entities did not appear to involve in providing any services to third parties but were involved in publication of news media on their web portal.
7. The agreement did not list any specific service to be provided by the service provider.
8. The agreement with not-profit making entities who were given grants does not appear to be very different from agreement with profit making entities for content commissioning.

**6.5** Agreement entered between assessee trust and Atvi Infotainment Pvt Ltd impounded during the course of survey shows that assessee trust engaged Atvi Infotainment Pvt Ltd (content provider) to provide some services in accordance with agreement or any addendum to the agreement. However, neither the



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agreement nor the addendum details any specific services to be provided by content provider to the assessee trust. Thus, the expenses booked by assessee trust as professional fees for the above services remains shrouded. Relevant part of the agreement is as follows:

2. CONTENT COMMISSIONING & TERM

2.1 CONTENT COMMISSIONING

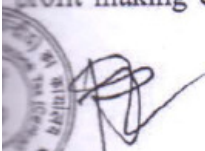
- (a) Pursuant to an Application made by the Content Provider, IPSMF may engage the Content Provider to provide the Services, and the Content Provider accepts such engagement to provide the Services, in accordance with this Agreement and the applicable Addendum
- (b) IPSMF is not obligated to accept any Application
- (c) In the event that there is any conflict between the terms of this Agreement and any Addendum, the Addendum shall prevail over this Agreement to the extent of such conflict

**6.6** On analysis of the Master Grant Agreement dated 24 Jul 2018 between the assessee trust and Pravda Media Foundation, and the Addendum to Master Agreement dated 24.01.2019 between assessee trust and Atvi Infotainment Pvt Ltd, it is observed that the terms of payment for both the entities (out of which one is being paid as grant and the other as Content Commission /Professional Fee), are same which includes Audience Reach target (on mobile and various social media platforms), Quarterly performance Target and monthly output, Audience Reach Target, publication of different types of stories and videos. It shows that conditions for payments are similar for 'For-Profit-Entities' and 'Charitable entities'. Although in its reply the assessee has relied upon objects 4.4 and 4.7 as in the trust deed, however the same is self-contradictory. As per these objects the assessee trust can 'create public interest content' and 'curate public -interest content' and ensure its wide distribution. So this shows that such a content would be owned by the assessee and it could ensure its wide distribution. As such the assessee was free to engage content creators for



providing such services. However, to the contrary, the content creators so engaged (and also paid) didn't provide any such specific services. The assessee has not brought anything on record to show the details of any such created or curated public-interest content which was made available to it by such content creators as per its directions. In fact, in its reply the assessee has admitted that the said service providers were free to create content of their own and neither it exerted any influence over the content provider nor it had any editorial overview over the content so published and as such the content produced was uninfluenced by it. So this admission of the assessee itself shows that the payments were not for the objects 4.4 and 4.7 as relied upon by the assessee. The payments terms from the impounded material show that assessee trust had made payment to such entities, without any relation to any service having been rendered to assessee trust. The publishing of various articles/stories by these entities was their normal business practice and it was not for the purpose of rendering any service to the assessee. The content of the stories was not owned by assessee trust. Further, assessee trust does not have any portal where such stories could be published. Thus, it can be seen that assessee trust was making payments in form of professional fee to these profit-making entities without any actual delivery of service to it. **Such expenditure cannot be regarded as application of its income.**

6.7 As regards the argument of the assessee that the professional fee could be considered as grant, the same also deserves to be rejected. This is for the reason that the payments have specifically been indicated for getting some services and not as grants. Since the assessee has not been able to provide the details of the services rendered by the said entities, evidently for the reason that no such services were ever rendered, during proceedings under consideration it has given an alternative argument that the said payments could be considered as grants to profit making entities as there wasn't any restriction of giving grants to such



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entities. Thus it is trying to take the shelter of giving grants to these profit-making entities. However, by arguing this the assessee is contradicting itself as it had only argued that its object was to fund new digital media entities, which do not have the backing of big businesses, so as to offer non-commercial funding that would support such independent, public-interest media, and thereby create greater media diversity as well as enable viability in a challenging financial environment so as to strengthen Indian democracy, in which the media plays a vital role (refer para 2.0 supra). So giving grants to profit making commercial entities would not fall within scope of its objects. In para 9 of the minutes of the 43<sup>rd</sup> Board of Trustee meeting, the following contents are recorded:

*"Besides, NDTV being a profitable operation, any support to NDTV would straightaway add to their profits and be subject to tax, not forgetting an 18% GST on a CCA. All told it would be unfair on spending donor money by way of GST and taxes."*

**6.8** So the argument of the assessee that it is free to give grants to profit making entities is just self-contradiction of its own objects and policies. Further, in its reply dated 12.01.2023, the assessee has reiterated that the content commissioning agreements executed with the Content Providers was a service contract (para 2 of reply). So this alternative argument of the assessee trust is totally flawed.

**6.9** Although the assessee trust had been making grants to various charitable organisations, however a part of the funds was evidently siphoned out in the garb of professional fees paid to certain entities. The actual usage of such funds is not made known by the assessee. The details of disbursement to such entities till March 2022, as per documents impounded during survey is as follows:



Amount in Rs. Cr

Entity Name	CCA Agreed	CCA Disbursed	CCA to be disbursed
The Better India_Vikara	2.60	2.57	
Live Law	2.78	2.77	
Gaon Connection	1.40	1.39	
WTD News_Tina Media	0.33	0.28	
The News Minute_Spunklane	2.16	2.10	0.04
The Ken	1.40	1.31	
The Swaraja_Kova	2.50	1.86	0.46
Dool News	2.10	2.09	
The Print - English	6.85	5.81	1.00
Satyagrah - SRCNS	1.20	1.08	
Suno India - FVMP	1.10	0.91	0.18
Ippodhu	1.00	0.53	
The Caravan-Delhi Press	5.00	4.31	0.64
Ashimukham	1.55	1.44	
Max Maharashtra	1.90	1.65	0.23
Sikkim Chronicle - Yonika Info	1.00	0.84	0.15
EastMojo - Atv	2.20	2.04	0.13
Asaville	2.10	2.05	
Live History India	3.00	2.52	0.45
Khabar Laharanyo - Chambal	1.50	1.46	
The Lede - FIVEWS LLP	1.25	0.86	
The Bastion	0.95	0.85	0.07
Feminism in India	1.10	1.00	0.10
Kashmir Observer	0.90	0.73	0.17
StoriesAsia	0.75	0.05	
Main Media	0.60		0.60
The Probe	0.75	0.29	0.44
Mojo Story - Barkha Dutt	2.20	0.99	1.20
Article24	0.90	0.53	0.37
The Citizen	0.50	0.37	0.13
HW News	1.00	0.57	0.42
Democratic Charika	0.60	0.09	0.50
Mediahama	0.60	0.05	0.55
TrueCopy Think	0.90	0.24	0.25
Original Free Press	0.70	0.52	0.18
<b>Total Content Commissioning</b>	<b>56.77</b>	<b>46.07</b>	<b>8.23</b>

*Aditya N S*  
8/19/22

6.10 As such the assessee Trust has used money for purposes other than the objects of the Trust. The same is a specified violation as per Explanation (a) and (e) to Section 12AB(4) of the Act. Such fees for undisclosed purposes were given during previous years 2016-17 to FY 2021-22.

**7.0 Targeted coverage in garb of fact checking:**

An analysis of the Annexure A-4 of statement of Aditya N S, Senior Programme Manager (Finance) of assessee trust shows that the assessee trust had granted funds to Pravda Media Foundation (Alt News) during the FY 2019-20 to FY 2021-22 to the tune of Rs.2.25 Cr. It is pertinent to mention that Co-founder of Alt News Mr Mohammed Zubair is under investigation by multiple agencies for the hurting religious sentiments through his twitter posts. The grant was

required to be released only on the fulfilment of certain conditions as enshrined in the agreement viz number of stories, audience reach, external funding raised by the organization as per the agreement. However, the impounded documents show that organization was being supported based on availability of funds and cash reserves with the grantee viz Alt News. The relevant portion of the statement is produced below:

2. Pravda Media Foundation -Alt News [www.altnews.in](http://www.altnews.in)  
Grant Term-3 Completed on March 31, 2022 - Total Grant over 3 Terms – Rs. 2.25 Cr

The Board was informed that while Alt News had informally placed a request for 4<sup>th</sup> Term grant renewal to support its Bangla and Kannada editions, it had not submitted any details to the Foundation. However, as Alt News' financials are currently in a comfortable zone with cash reserves of around Rs.2.30 Cr, the Board was briefed that we could watch and review their Bangla and Kannada launches and if need be, consider a fourth term of funding after a gap of a year. The Board agreed to the recommendation.

2. Completion of Grant Cycle

7.1 On perusal of an internal email dated 25-04-2022 from Mr. Avinash to Mr. Sunil Rajshekhar of assessee trust it is observed that assessee trust had released certain grants to Alt News in the background of Alt News being involved in reporting of matters related to farmer's protest, covid-19, Delhi riots, CAA-NRC protests, Jamila milia incidents and others. Such coverage has been given the colour of fact checking. The relevant portion of email is provided below:

To **avinash <avinash@ipsmf.org>**  
From **Sunil Rajshekhar <sunil@ipsmf.org>**  
Date/Time **25-04-2022 15:07:52**  
Subject **FW: Renewal for Year 3 - FII**

Grant Term Completed on March 31, 2022

**Alt News**  
**Pravda Media Foundation**  
**Founder: Pratik Sinha**

**Grant Summary**

Term	Period	Grant approved (Rs)
Year 1	1 Aug 18 to 30 Sep 19	100.00
Year 2	1 Nov 19 to 31 Jan 21	75.00
Year 3	1 Apr 21 to 31 Mar 22	50.00
<b>Total Grants</b>		<b>225.00</b>

**Background**

In its meeting held on February 13, 2021, the Board was informed that Alt News was prompt in tackling misinformation and disinformation spread about the farmers' protests, Covid-19, Delhi riots, CAA-NRC protestors, police violence against students from Jamia Milia and other critical incidents like the Palghar killings which were amplified with a communal twist. Alt News has also expanded its fact-checking to Gujarat.



7.2 Thus, it can be seen that assessee trust had been providing grant for coverage of specific issue/target issue and such issue specific grants goes against the stated objective of promoting journalism in fair manner. The relevant part of the reply furnished by the assessee on 22.12.2022, is reproduced as follows:

- “
- a) *There is no question of “giving colour” to the support of busting fake news.*
  - b) *Fact-checking has been essential and a cardinal principle of every newsroom since the beginning of journalism.*
  - c) *It is part of the reporter's duty to check the facts and use multiple sources to corroborate before reporting. Then the additional layers of checks would come in at the news desk level.*
  - d) *Beyond the mere ‘responsibility’ of a media fact check, the fact that it also leads to increased credibility and trust among readers, which in turn potentially can be a differentiator. Therefore, it makes eminent sense for publications to invest in credible sourcing, reporting and fact-checking.*
  - e) *Fact-checking has now become centre stage – from being a significant part of the routine editorial process – every newsroom's credo – to a specialised skill that requires both technology and judgement. There is hope that fact-checked and trusted news will chase out fake news and untrusted news like good money in the economy chases out bad money. The latest database compiled by the Reporters' Lab at Duke University, shows that fact-checkers in Asia have grown to more than 82 from about 35 six years ago.*
  - f) *The Assessee has paid particular attention to support entities that are either singularly dedicated to spotting and red-flagging disinformation. So also, some of the general news grantees and content providers have created specialized teams to fight disinformation and made it part of their journalism. They have assisted journalists to debunk misinformation and prevent it from getting amplified, thus stopping them from contributing to the misinformation ecosystem.*
  - g) *Therefore, the Assessee has done its bit to support fact checking in the regional space too, for instance, YouTurn in, and from, Tamil Nadu in Tamil.*
  - h) *Another grantee India Spend's fact-checking effort through FactChecker.in also contributed significantly. They led the way for a number of sites, even general news sites, to begin their own efforts to integrate fact-checking as a significant part of their offerings.*
  - i) *Other than Alt News and YouTurn, recipients like East Mojo, Max Maharashtra, The News Minute, ThePrint and The Wire have regular and established fact-checking sections.*

*This is important to keep journalism and the social media honest so that fake news and disinformation is not amplified and create discord and harmony.”*



**ORDER U/S 144B(4) OF INCOME-TAX ACT**

7.3 Vide reply dt. 12.01.2023, the assessee submitted as follows:

*"F. Targeted Covering in the garb of fact checking:*

*Granted funds to Pravda News – AltNews – Mr. Md. Zubair is being investigated for hurting religious sentiments through his twitter posts.*

a. *From Aditya's recorded statement – the following Board note on AltNews as discussed during the 42<sup>nd</sup> Board meeting, dated May 07, 2022 was noted:*

*"The Board was informed that while Alt News had informally placed a request for 4<sup>th</sup> Term grant renewal to support its Bangla and Kannada editions, it had not submitted any details to the Foundation. However, as Alt News' financials are currently in a comfortable zone with cash reserves of around Rs.2.30 Cr, the Board was briefed that we could watch and review their Bangla and Kannada launches and if need be, consider a fourth term of funding after a gap of a year. The Board agreed to the recommendation."*

*It was also contended by the PC-IT that if Funding to Alt News for a 4<sup>th</sup> year was not being considered on account of it's comfortable Financial position, then it stands to reason that IPSMF does not prioritise on Journalism as much as on ently's financial position.*

**IPSMF Response:**

*In achieving the objectives set out in the IPSMF Trust deed, IPSMF had begun funding Alt News since the early years of its formation. We should perhaps explicitly state here that our normal funding cycle for most entities has been 3 years, with some exceptions being made for a 4<sup>th</sup> year, so that entities do not remain long-term dependent on IPSMF and learn to stand on their own feet. It is part of the IPSMF charter to encourage the growth of viable media entities. Having completed its 3 year funding cycle, Alt News was keen on being funded for a 4<sup>th</sup> Term for its proposed Gujarati and Kannada editions.*

*The CEO had conveyed to the Board that although Alt News' proposed Gujarati and Kannada ventures were deserving of funding, it was advisable for us to wait and watch how their language editions perform. Besides, there was no hurry to consider a 4<sup>th</sup> Term given the fact that Alt News had received sufficient funds from its readers and well-wishers.*

*This is in line with IPSMF's policy of funding entities for 3 Terms only. A 4<sup>th</sup> Term of funding could be considered for exceptional cases based on their ability to come closer to breaking-even.*

b. *25 April 2022 – email from Avinash to Sunil – time 15.07.52 - regarding AltNews' funding – It is the board note regarding completion of 3<sup>rd</sup> year grant.*

*"In its meeting held on February 13, 2021, the Board was informed that Alt News was prompt in tackling misinformation and disinformation spread about the farmers' protests, Covid-19, Delhi riots, CAA-NRC protestors, police violence against students from Jamia Milia and other critical incidents like the Palghar killings which were amplified with a communal twist. Alt News has also expanded its fact-checking to Gujarati."*



**IPSMF Response:**

1. Attachment of mail dated 25/04/2022 from Avinash to Sunil Rajshekhar :

Full Note at Annexure 11

This note prepared jointly by the IPSMF operating team on Alt News having completed the grant-cycle of 3 years was forwarded by Program Manager Avinash Hukkeri to CEO Sunil Rajshekhar.

a. It is a fact that there was a fair amount of misinformation and disinformation that was floating on Social media around events like Farmers's protests, Covid 19, Delhi Riots etc. The above para states that Alt News was prompt in tackling issues of misinformation. Some of the issues were amplified greatly on Social media and required to be corrected. Alt News did a commendable job on this front.

b. Alt News was Founded by Pratik Sinha and Zubair is Co-founder. The venture operates out of Ahmedabad."

**7.4** A perusal of the above shows that the assessee has tried to skirt away the issue of funding by referring it to its policy of making exception. Further, it has remained silent on the issue of pending investigations against Mr Mohammed Zubair, the Co-founder of Alt News. A perusal of the details discussed as above clearly bring out that exception in funding was being given as the entity was dealing with certain targeted news which the assessee trust wanted to support although the same was far away from its stated objects. **The same is a specified violation as per Explanation (a) and (e) to Section 12AB(4) of the Act. The grants were given during previous years 2019-20 to 2021-22.**

**8.0** Vide notice dated 17.01.2023, the assessee was specifically informed as follows:

*"4. This may kindly be noted that these proceedings are for cancellation/withdrawal of registration w.e.f. AY 2016-17 as the issues confronted to you via the above referred notices pertain to various years starting from AY 2016-17 onwards. So you can make your submissions, if any, if the issues confronted to you via the above referred show cause notice and during hearings do not impact any earlier assessment year."*



*[Handwritten signature]*

*[Handwritten signature]*

10. Assessee also objected before the Id CIT on the issue of the cancellation of registration retrospectively from assessment year 2016 – 17, the assessee submitted that (1) the proceedings have been initiated without jurisdiction, (2) in any event, the cancellation cannot operate with effect from any previous year earlier than the previous year ending on 31st of March 2022, (3) the proposal to cancel registration violates the doctrine of proportionality.
11. The learned CIT stated that as specified violations have been found during the previous year in which it occurred, therefore the cancellation cannot be stated to be retrospective and the same is in accordance with the law. He submitted that the CIT has power to cancel the registration and the doctrine of proportionality does not apply to the facts of the case. He held that law provides that where there is a specific violation, registration is to be cancelled.
12. The assessee further challenged the contents of the notice, the learned CIT rejected the same stating that specific instances of specified violations were brought to the notice of the assessee from time to time and therefore, the notice is wrongly alleged to be vague but is specific and facts based on the evidence found.
13. Accordingly, the learned CIT was satisfied that there were specified violation in case of the assessee trust for the previous year 2016 – 17 to 2021 – 22 relevant to assessment year 2017 – 18 to 2022 – 23. So, the registration of the assessee trust granted under section 12 AA/12

AB of the Act, is cancelled with effect from previous year 2016 – 17 and for all subsequent previous years as per provisions of section 12 AB (4) of the Act. Accordingly, the impugned order was passed on 26th of June 2023.

**Submission on behalf of appellant**

14. The assessee is aggrieved with that order and is in appeal before us. Shri A Sheshadri, Chartered Accountant and Shree Bharadwaj Sheshadri, Advocate, the learned authorised representatives, appeared and submitted the detailed argument. The assessee filed two volumes of the paper book containing 929 pages. The assessee in the paper book has also placed six videos (not shown to us). Assessee also submitted the list of donors [General Donors and corpus donors] from AY 2016-17 to 2025-26 to show that most illustrious donors have donated the funds for the object of the trust. Assessee also submitted a supplementary paper book containing 166 pages to support which shows methodology and the process by which the funds of the trusts are utilised. It contains some report, management Information systems report, email correspondence, agenda for board meetings., legal due diligence reports etc. On completion of hearing, assessee also submitted details by email dated 25-12-2025 where in email correspondence with respect to Delhi Press Patrika Limited [caravan] was to show that chairman of Trust Indicated that now it is not appropriate to pay the higher amount to caravan, executive summary of legal Due diligence review report in respect of Caravan

and emails dated July 2018 showing how funding for a particular month to caravan and relevant approval process, takes place.

15. On ground no. [3] Of the appeal LD. AR submitted that The Principal Commissioner of Income Tax lacks the jurisdiction to cancel the registration of the trust. He submitted that on 15/11/2022 the CIT (Exemption) Bangalore passed an order under section 127 of the Act pursuant to the survey under section 133A of the Act on 7 September 2022 wherein in order to have a 'coordinated investigation and to complete the assessment', The Principal Commissioner of Income Tax (Central), Bangalore who has requested that the following cases be transferred to DCIT/ACIT, Central Circle – 1 (2) Bangalore. Thus, the case of the assessee was listed there and was transferred to ACIT/DCIT, Central Circle – (1) (2), Bengaluru from The Income Tax Officer (Exemptions), Ward – 1, Bangalore. He submitted that this order is placed at page No. 52 – 53 of the paper books. He submitted that first no valid transfer takes place as it is not in accordance with the law and further, even if it is valid, no powers are vested with The Principal Commissioner of Income Tax (Central) for cancellation of the registration.
16. He submitted that the phrase "coordinated investigation" is not sufficient for transfer of jurisdiction. He relied upon the decision of the honourable Bombay High Court in case of ZODIAC DEVELOPERS PRIVATE LIMITED VERSUS PRINCIPAL COMMISSIONER OF INCOME TAX (2016) 387 ITR 223 wherein it is held that if the show cause notice passed such order for merely

coordinated investigation and administrative convenience, it makes it impossible to effectively respond to and therefore such a notice and consequent transfer is invalid.

17. He further referred to the decision of AMIT KUMAR GUPTA VERSUS INCOME TAX OFFICER (2025) 171 TAXMANN.COM 16 [Raipur] wherein it has been held that failure to provide a hearing before transfer of case under section 127 of the income tax act renders the jurisdiction of the assessing officer invalid.
18. He further referred to the decision of the coordinate bench in SHRI MOHAMMAD ABDUL NAJIB V THE DCIT CENTRAL CIRCLE BELLARI [ITA NO. 1175/BANGALORE/2024 FOR ASSESSMENT YEAR 2012 – 13] wherein it has been mentioned that the transfer orders if made without jurisdiction, can be quashed and further the consequent orders are also quashed. He also referred to the decision of the coordinate bench in case of CAPSTONE SECURITIES ANALYSIS ( P ) LIMITED V DEPUTY COMMISSIONER OF INCOME TAX , CIRCLE 1 (1), PUNE [ 2017] 85 TAXMANN.COM 270 [ PUNE] wherein it is held that when the case was transferred from Mumbai to Pune but PAN of the assessee was still lying with the ITO Mumbai , is held to be unjustified.
19. He further stated that CIT Central could not have jurisdiction to cancel the registration already granted to the assessee. He placed reliance on PACIFIC ACADEMY OF HIGHER EDUCATION & RESEARCH SOCIETY V PCIT [ ITA NO 4 & 5/JODH /2020 DATED 25/01/2023. He submits that such power only vests with the

CIT [Exemptions] who granted it. The power of cancellation did not transfer to PCIT [Central] by passing order u/s 127 which also does not contain any reference to transfer of powers of cancellation.

20. He further referred to the definition of "case" for any assessment year stating that as the power of the cancellation provides to more than one assessment year and it is not related to any assessment year and therefore the provisions of section 127 of the act cannot be used to cancel the registration already granted to the assessee. For this proposition the ld AR vehemently relied up on the decision of the coordinate bench in case of AGARWAL VIDHYA PRACHARNI SABHA V PRINCIPAL COMMISSIONER OF INCOME TAX [ ITA NO 1308/ DEL/2023 DATED 8, JANUARY 2024] [ 2024] SCC ONLINE ITAT 7.
21. He further fairly referred to the decision of ITAT Delhi in ADVANTAGE INDIA V PRINCIPAL COMMISSIONER OF INCOME TAX [2025] 178 TAXMANN.COM 605 (DELHI) where in relying on the decision of Honourable Delhi High court in CIT V SAHARA INDIA FINANCIAL CORPORATION LIMITED [ 2007] 162 TAXMAN 357/ 294 ITR 363 it is held that case includes all proceedings. He submits that Honourable Supreme court in PRINCIPAL COMMISSIONER OF INCOME TAX V ABC PAPERS LIMITED [2022] 141 TAXMANN.COM 332 [SC] the word ' case' has been decided, ld AR referred to para no 22 onwards and submits that now the decision of ITAT in Advantage India [ supra] does not have any precedence value.

22. Coming to the ground No. 8 of the grounds of appeal it was stated that that the power of cancellation has been exercised by the learned principal Commissioner of income tax with retrospective effect. The Ld AR relied on: -
- a. AMALA JYOTHI VIDHYA KENDRA TRUST V PRINCIPAL COMMISSIONER OF INCOME TAX [2024] 162 TAXMANN.COM 41 [ BANG]
  - b. HEART FOUNDATION OF INDIA V CIT CENTRAL PUNE [ITA NO 1524 / MUM/2023] DATED 27.07.2023.
  - c. PACIFIC ACADEMY OF HIGHER EDUCATION & RESEARCH SOCIETY V PCIT [ ITA NO 4 & 5/JODH /2020 DATED 25/01/2023.
23. He further referred to the provision of 'specified violation' which has come into effect with effect from 1 April 2024 and therefore, such specified violation could not be invoked for assessment year 2017 – 18 onwards till it was enacted.
24. The learned authorised representative further referred to the ground No. 9 – 13 and submitted that that assessee's objects are placed at page No. 7 of the paper book. Those objects are stated to be charitable and further there is no allegation that those objects are not falling within the purview of provisions of section 2 (15) of the Act.
25. Further coming to the various observation made by the learned CIT in his order, He referred to the various answers given by the assessee and relied upon them. Regarding the issue of payment of Higher charges to some articles as per rates card, the Ld AR referred to the

page no 192 of the paper book where in assessee has placed Master Content Commissioning Agreement dated 15/6/2018 between assessee and Delhi Press Prakashan Private Limited. He referred to page no 195 of the of the paper book referring to para no 2.1 & 2.2 of the agreement. He also referred to the addendum to this agreement placed at page no 220-221 which is an addendum to that agreement dated 15/6/2018 and page no 226 where the rates were similar. He submitted that allegation of the Id. CIT that assessee is paying higher for some articles than other is incorrect.

26. It was also the argument that the learned CIT at the time of issue of the show cause notice, the Id PCIT did not reach at the specific finding that what are the 'specified violations' conducted by the assessee and therefore his notice was so routine in general, thus, he did not invoke jurisdiction correctly by issuing the show cause notice. The assessee further relied upon the decision of the honourable Supreme Court in case COMMISSIONER OF CUSTOMS V TOYO ENGINEERING INDIA LIMITED OF 201 EXCISE LAW TIMES 513 (SC) [2006] 2006 taxmann.com 1488 [ SC) stating that allegation in the show cause notice should be very definite and then the adjudicating authority cannot go out of that show cause notice. Thus, his argument was that the allegation cannot be enlarged after the issue of the show cause notice while adjudicating the issue.
27. The learned authorised representative also submitted a note on the funding process carried on by the assessee. He submitted that there

are two kinds of application and content commissioning arrangements with entities for profits.

28. The assessee also submitted a supplementary paper book containing 166 pages to show that that assessee carries on due diligence report before granting the funds to the various journalists or other entities. The assessee also submitted the list of donors starting from financial year 2015 – 16 onwards wherein he submitted that the donations are provided to the assessee by the reputed entities.
29. The Id AR further submitted that it seems that some of the expenditure of the assessee is stated to be Non genuine, it is not the case that whole of the funding as well as utilisation of the funds is stated to be non-genuine. In such cases it would not make the whole Trust Non genuine. For This proposition, the Id AR relied up on the decision of the Honourable Supreme court in case of COMMISSIONER OF INCOME TAX [EXEMPTION] V MANEKJI MOTA CHARITABLE TRUST [2020] 120 TAXMANN.COM 58 (SC) where in the decision of the Honourable Bombay High court in CIT V MANEKJI MOTA CHARITABLE TRUST [2019] 109 TAXMANN.COM 258 / 267 TAXMAN 16 ( BOM) was upheld. Thus, he held that whole the trust cannot be held to be non-genuine, and the registration cannot be cancelled.
30. Thus, he submitted that the order passed by the learned CIT is not sustainable cancelling the registration granted to the assessee trust under section 12 AB of the act as there is no specific violation found,

the assessee's objects and the assessee's activities are in consonance with each other. Even otherwise the order passed by the learned CIT is without jurisdiction.

### **Submission on Behalf of the CIT**

31. The learned that CIT DR strongly relied upon the findings of the CIT for cancellation order passed under section 12 AB of the Act. He submitted that that the findings given therein clearly shows that the assessee's objects and activities are different and therefore the cancellation order passed by the learned CIT is sustainable, valid in law, with jurisdiction. The learned departmental representative further relied upon the written submission made during the hearing earlier carried out on 10 January 2024 containing the arguments of the revenue on the jurisdiction of the learned PCIT in passing the order and further the evidence collected during the course of survey. He further referred to notification dated 22/10/2014 as well as the record of survey proceedings.

### **Decision & Reasons**

32. We have carefully considered the rival contention and perused the orders of the learned lower authorities. We have also carefully perused paper books filed, judicial decisions relied upon.
33. No arguments were advanced on Ground no 1 and 2 of the Appeals, stated that these are general, Hence, dismissed.

34. Ground No.3 of the appeal is that the Principal CIT lacked Jurisdiction to pass the impugned order. The Assessee challenges that order passed u/s 127 (2) of the Act placed at page no 52 and 53 of the paper books is invalid and does not give any Jurisdiction to the CIT. Indeed, the Order dated 15/11/2022 was passed by the CIT [Exemptions] Bangalore where in it recorded the facts that there is survey conducted u/s 133A of the Act by the DDIT (Investigation) Delhi on 7/9/2022 and therefore in order to have coordinated investigation and to complete the assessment, the Principal Commissioner (Central) Bangalore has requested to transfer jurisdiction to DDIT Central Circle 1 (2) Bangalore. Accordingly, it was transferred from ITO [Exemption] Ward -1 Bangalore to DCIT / ACIT, central Circle -1 (2) Bangalore.
35. Thus, case of the assessee is in the same city Bangalore. It was transferred 'to facilitate effective and coordinated investigation.'.
36. Provisions of section 127 provides as under: -

**[Power to transfer cases.<sup>69</sup>**

<sup>70</sup>**127.** (1) The <sup>71</sup>[Principal Director General or] Director General or <sup>71</sup>[Principal Chief Commissioner or] Chief Commissioner or <sup>71</sup>[Principal Commissioner or] Commissioner may <sup>72</sup>, after giving the assessee a reasonable opportunity of being heard in the matter, wherever it is possible to do so, and after recording his reasons for doing so, transfer any case <sup>72</sup> from one or more Assessing Officers subordinate to him (whether with or without concurrent jurisdiction) to any other Assessing Officer or Assessing Officers (whether with or without concurrent jurisdiction) also subordinate to him.

(2) Where the Assessing Officer or Assessing Officers from whom the case is to be transferred and the Assessing Officer or Assessing Officers to whom the case is to be transferred are not subordinate to the same <sup>71</sup>[Principal Director General or] Director General

or <sup>71</sup>[Principal Chief Commissioner or] Chief Commissioner or <sup>71</sup>[Principal Commissioner or] Commissioner,-

(a)	where the <sup>71</sup> [Principal Directors General or] Directors General or <sup>71</sup> [Principal Chief Commissioners or] Chief Commissioners or <sup>71</sup> [Principal Commissioners or] Commissioners to whom such Assessing Officers are subordinate are in agreement, then the <sup>71</sup> [Principal Director General or] Director General or <sup>71</sup> [Principal Chief Commissioner or] Chief Commissioner or <sup>71</sup> [Principal Commissioner or] Commissioner from whose jurisdiction the case is to be transferred may <sup>73</sup> , after giving the assessee a reasonable opportunity of being heard in the matter, <sup>73</sup> wherever it is possible to do so, and after recording his reasons for doing so, pass the order;
(b)	where the <sup>74</sup> [Principal Directors General or] Directors General or <sup>74</sup> [Principal Chief Commissioners or] Chief Commissioners or <sup>74</sup> [Principal Commissioners or] Commissioners aforesaid are not in agreement, the order transferring the case may, similarly, be passed by the Board or any such <sup>74</sup> [Principal Director General or] Director General or <sup>74</sup> [Principal Chief Commissioner or] Chief Commissioner or <sup>74</sup> [Principal Commissioner or] Commissioner as the Board may, by notification in the Official Gazette, authorise in this behalf.

(3) Nothing in sub-section (1) or sub-section (2) shall be deemed to require any such opportunity to be given where the transfer is from any Assessing Officer or Assessing Officers (whether with or without concurrent jurisdiction) to any other Assessing Officer or Assessing Officers (whether with or without concurrent jurisdiction) and the offices of all such officers are situated in the same city, locality or place.

(4) The transfer of a case under sub-section (1) or sub-section (2) may be made at any stage <sup>75</sup> of the proceedings and shall not render necessary the re-issue of any notice already issued by the Assessing Officer or Assessing Officers from whom the case is transferred.

*Explanation.*-In [section 120](#) and this section, the word “case” <sup>75</sup>, in relation to any person whose name is specified in any order or direction issued thereunder, means all proceedings under this Act <sup>75</sup> in respect of any year which may be pending on the date of such order or direction or which may have been completed on or

before such date, and includes also all proceedings under this Act which may be commenced after the date of such order or direction in respect of any year.]

37. The Id AR relying on the decision of Honourable Bombay High Court in Zodiac Developers (P.) Ltd. vs. Principal Commissioner of Income-tax-8, Mumbai [2016] 72 taxmann.com 39 (Bombay)/[2016] 241 Taxman 230 (Bombay)/[2016] 387 ITR 223 (Bombay)/[2017] 295 CTR 104 (Bombay)[18-04-2016] where in writ petition filed by the assessee where the case of the assessee was transferred from Mumbai To Aurangabad. Honourable High Court allowed the writ petition and quashed order passed u/s 127 (2) of the Act. Facts shows that the impugned order does not deal with the petitioner's submissions as contained in its letter dated 14-7-2015 inter alia pointing out that only 3 flats out of 78 flats in the building being constructed in Vile Parle had been sold by the petitioner to the members of the Jhaveri Group. In case, the petitioner's assessments are to be transferred to the places where its customers (purchaser of its flats) are being assessed, then, the petitioner's cases would have to be transferred to at various places where its customers reside. This is impossibility. Further, where transaction take place in the course of its business and a search takes place on such other persons at the place where such person is assessed, it would not necessarily result in the transfer of petitioner's case to the place where the person it is dealing with in the normal course is being assessed. The aforesaid submission as contained in letter dated 14-7-2015 has not even been adverted to in the impugned

order dated 21-12-2015. Nor was the fact that there would be inconvenience to the petitioner as emphasized in its subsequent letter dated 24-11-2015 even adverted to in the impugned order much less dealt with. Thus, the order itself is a non-speaking order. The basic and minimal requirement of the petitioner being given a personal hearing and the opportunity to respond to the proposed transfer is to enable the authority to consider whether in the facts and circumstances of the case, the transfer of the case from Mumbai to Aurangabad is warranted. Particularly, bearing in mind that the petitioner has otherwise no connection with Aurangabad except for having sold 3 out of 78 flats in the building being constructed to the persons who are being assessed at Aurangabad. Thus, we do not find any similarity in those cases where the case of the assessee is in the same city i.e., Bangalore. Thus, there is no inconvenience faced by the assessee shown to us. It is also not the case that case of the assessee is tagged with another assessee. Case of the assessee is transferred independently and not connected with any other assessee and also transferred in the same city. Thus, reliance on the decision of Honourable Bombay High Court does not help the case of the assessee.

38. The second issue raised by the ld AR is that transfer of case u/s 127 of the Act is only with regard to assessment and not for the purposes of cancellation of registration relying up on the decision of the Coordinate bench in case of Agarwal Vidhya Pracharni Sabha V Pcit

[2024] Scc Online Itat 7. The Ld AR relied up on para no 37 to 39 of that judgement.

39. We find that in *Advantage India vs. Principal Commissioner of Income-tax* [2025] 178 taxmann.com 605 (Delhi - Trib.) [18-09-2025] above Decision was considered at para no 8 as under: -

**8.** The ld counsel of the assessee heavily relied on the Delhi ITAT decision in the case of *Aggarwal Vidya Pracharni Sabha v. Pr. CIT, Central* [IT Appeal No. 1308 (DELHI) of 2023, dated 8-1-2024] where the ITAT held as under:

15. Thus, at one end, in the absence of any specific reference of section 12AB in the Notification dated 22.10.2014 or there being subsequent authorisation by any Circular or Notification of the Board, we conclude that at the time of passing the order u/s 127 of the Act on 26.10.2020, CIT(E), Chandigarh did not have powers to as such transfer his jurisdiction u/s 127(2)(a) of the Act, for the purpose of Section 12AB has come into effect from 01.04.2021. Accordingly, under no circumstance while passing order u/s 127 of the Act on 26.10.2020, CIT(E), Chandigarh could have transferred his powers u/s 12AB of the Act to any other authority.

15.1 On the other hand, ld. PCIT, Gurgaon by virtue of the Explanation defining the scope of 'case' for the purpose of section 127, did not have power vested in him to cancel registration u/s 12AB(4). The 'case' refers to assessment initiated as a consequence of search or consequential proceedings to such assessments only and cannot be extended to special powers of ld. CIT(E), Chandigarh. Thus, the assumption of jurisdiction on the basis of the order dated 26.10.2020 of CIT(E), Chandigarh is completely illegal and that makes the whole exercise of Id. PCIT passing the impugned order liable to be quashed.

In effect the ITAT in the above case, held on the basis of Notification no. 52 of 2014 dated 15.11.2014 and Notification no. 53 of 2014 dated 15.11.2014, that the PCIT(C), Gurgaon had passed order without jurisdiction in context to territorial powers and subject matter as well which is not in accordance with law and same is liable to be quashed. The ld AR further relied on the Jaipur bench of ITAT in the case of *M/s Wholesale Cloth Merchant Association in Wholesales Cloths Merchants Association v. Pr. CIT* [IT Appeal No.688 (JP) of 2019, dated 6-1-2021]; Jhodpur ITAT Bench order

in the case of *Pacific Academy of Higher Education and Research Society v. Pr. CIT (Central)* [IT Appeal No. 04(JODH) of 2020, dated 25-1-2023] and *Gyan Sagar Education & Charitable Trust v. Asstt. CIT* [IT Appeal No. 6054 (Delhi) of 2018, dated 3-9-2020]. The ld AR emphasized that transfer of jurisdiction u/s 127 is made for granting rights to the AO to assess the income of the Trust and it does not grant power to grant/cancel registration to the PCIT(Central). The ld. counsel for the assessee prayed that the order of the PCIT(C) cancelling registration u/s 12A, devoid of valid jurisdiction, needs to be set aside.

40. That decision further held in para no 33 as under: -

**33.** A reading of clause(b) of the Notification 70/2014(*supra*) conjointly with the Explanation of section 127 leaves no room for doubt as to the intention of the Legislature as to the jurisdiction to be exercised by the authorities concerned over a class of case once order u/s 127 is issued. In the instant case, once the order u/s 127(2) dated 01.12.2016 was issued by the CIT(Exemptions), Delhi transferring the case of the assessee from ACIT(E), Delhi to Central Cir-16, Delhi under the charge of Pr.CIT(Central), Delhi, by virtue of Explanation to section 127 and Notification no 70/2014, the Pr.CIT(Central), Delhi assumes the jurisdiction over the assessee for all purposes and proceedings whether pending or completed or to be commenced, in respect of any year. In the instant case, the CIT(Exemptions), Delhi has specifically transferred the jurisdiction over the case to the Pr.CIT(Central)-2, Delhi, unlike the jurisdiction order passed u/s 127 in the case of *Aggarwal Vidya Pracharni Sabha (supra)* where the transfer order did not specifically mentioned the transfer of jurisdiction to PCIT, Gurgaon. The explanation to section 127 of the Income Tax Act is reproduced again for abundance clarity:

"Explanation in section 120 and this section, the word "case ", in relation to any person whose name is specified in any order or direction issued there under, means all proceedings under this Act in respect of any year which may be pending on the date of such order or direction or which may have been completed on or before such date, and also includes also all proceedings under this Act which may be commenced after the date of such order or direction in respect of any year."

**34.** We find that the CBDT had further issued a directive *vide* letter dated 19.01.2024 on the issue of cancellation of registration u/s 12AA/10(23C)

of the Income Tax Act in Trust cases by Pr.CIT other than CIT(Exemptions). The letter, referring to the Notification nos. 50/2014 and 52/2014 dated 22.10.2014 and 70/2014 dated 13.11.2014, further explains as under:

"2.3 A conjoint reading of the above mentioned Notifications and provisions of the Act makes it clear that the CIT (Exemption) does not exercise any jurisdiction in respect of persons claiming exemption under section 11, section 12 of the Act which have been assigned to the Assessing Officers subordinate to Principal Commissioner of Income-tax (Central), under section 127 of the Act.

3. Therefore, by virtue of provisions of clause (b) of the notification no. 70/2014, S.O. 2915(E) dated 13.11.2014, the PCIT(C) has been empowered to perform/exercise powers and functions stipulated in the Act in respect of such cases or classes of cases or such persons or classes of persons, which were assigned to AO subordinate to him, under section 127 of the Act.

We are thus of the considered and firm view that a harmonious and constructive interpretation of Notification no. 70/2014 and the CBDT directive dated 19.01.2024 would show that the Pr.CIT(Central) assumes the power and indeed obligated to perform all the functions as stipulated in the Act, over the assessee once an order u/s 127 is issued transferring the jurisdiction to AOs subordinate to him.

41. Thus, it is evident that decision cited by the Id AR Agarwal Vidhya Pracharani Sabha V PCIT is distinguishable, and the facts stated in the paragraph 33 of this Advantage decision is identical.
42. Further on careful reading of section 127 of the Act and explanation there to that the word ' case' does not restrict it to any "Assessment year" but uses the phrase ' Year'. Had it been the intention of the legislature to restrict it to any " assessment Year' it would not have used the word 'year'. Principles of Interpretation provides that an unambiguous and plain statute must be given its full interpretation.

43. Even otherwise the order of the Id PCIT is cancellation of the registration of the assessee for Ay 2017-18 to 2022-23. So, it also relates to respective assessment years.
44. Therefore, we reject this contention of the Id AR that the PCIT Central lacks Jurisdiction as powers of cancellation are not transferred to him and further the 'case' does not include power of cancellation as it does not refer to any assessment year.
45. Further with respect to the argument that only the assessment rights are transferred but not the power of cancellation has also been dealt with the decision of Advantage India vs. Principal Commissioner of Income-tax [2025] 178 taxmann.com 605 (Delhi - Trib.) [18-09-2025] in para no 26 to 29 of that judgement as under: -

"26. At this juncture, we note that the Hon'ble Delhi High Court in the case of *CIT v. Sahara India Financial Corporation Ltd.*, [\[2007\] 162 Taxman 357/294 ITR 363 \(Delhi\)](#) has explained what the Explanation to section 127 says and what the term 'case' means in relation to any person whose name is specified in any order or direction issued under section 127. In the said Explanation, 'case' means all proceedings under the Act in respect of any year:

(a)		which may be pending on the date of the order or direction;
(b)		which may have been completed on or before the date of the order or direction;
(c)		including all proceedings which may be commenced after the date of the order or direction in respect of any year. It was similarly held in the case of <i>CIT v. AAR BEE Industries</i> , <a href="#">[2013] 36 taxmann.com 308/357 ITR 542 (Delhi)</a> .

The word "case" is thus used in a more comprehensive sense of including (i) pending proceedings as well as (ii) proceedings to be initiated in future as

held in *CIT v. Bidhu Bhusan Sarkar* [1967] 63 ITR 278, 287 (SC)]. The Kerala High Court also held in *P. A. Ahammed v. Chief CIT* [2006]282 ITR 334/151 Taxman 223 (Kerala) that the Explanation to section 127 clarifies that the term 'case' means the entire proceedings under the Act.

**27.** The 'case' referred in the Explanation to section 127, therefore, has to be read conjointly with 'all proceedings under this Act' to arrive at a harmonious and workable interpretation of the statute. The 'case' and 'all proceedings under the Act' can not be restricted to only 'assessment' proceedings. Jurisdiction over a case entail not only 'assessment' process but there are several functions and powers assigned to the jurisdictional hierarchy over that case. For example, the assessment is made by the ACIT/ITO, but when coercive action for recovery of demand is to made, the ACIT/ITO has to take approval from the Pr.CIT(Central). Similarly, where the AO denies stay of demand in a case, the Pr.CIT(Central) can review the decision of the ACIT/ITO. There are numerous such examples where the powers and functions over a 'case' has to be exercised in a chain of command in the hierarchy of Pr.CIT(Central). Similarly, a CIT(Exemptions) has powers/functions over Ranges which are manned by the Additional CIT/Joint CITs. There are four/five assessing officers in rank of ACITs/ITOs in a Range and all of them exercise their powers/functions under the CIT(Exemptions). Any jurisdiction over a 'case' cannot be segregated between two different PCIT/CIT that is to say that PCIT(C) will conduct 'assessment' proceedings and the PCIT(E) will conduct registration/cancellation. Such an interpretation will make the exercise of transfer of jurisdiction over a 'case' unworkable.

**28.** Further, under the income tax system, jurisdiction over a 'case' is recognized by the PAN assigned to each person/ assessee as defined in section 2(7) of the Act. The jurisdiction of each PAN is assigned to a particular CIT/Assessing Officer according to alphabetical or territorial basis. The CIT/AO exercises all the powers and functions under the Act over a PAN. Once a PAN is transferred from one AO/CIT to another AO/CIT u/s 127 of the Act, the entire proceedings under the Act related to that assessee/pAN is transferred to that other AO/CIT. There is no situation envisaged in the System that one PAN will have two different jurisdictional authorities at the same time. In such a scheme of things, the PAN of an assessee can not lie with one CIT for some proceedings under the Act and the same PAN will simultaneously lie with another CIT for some other proceedings under the Act. The system does not allow the AO under the PCIT(C) to make only the assessment of the Trust and at the same time allow the CIT(E) to carry out functions of granting/cancelling registration of the same Trust. When the PAN is transferred from CIT(Exemptions) charge to

the Pr.CIT(Central) charge, the entire 'case' and the associated 'proceedings' will be transferred to the PrCIT(Central). In such a situation, the CIT(Exemptions) can not 'see' the case/assessee in his jurisdiction to take action for registration/cancellation u/s 12AA. The CIT(Exemptions) will be incapacitated to issues any communications to the assessee nor will he be able to generate any DIN in respect to the said assessee. We are therefore of the considered view that once the PAN of the assessee was transferred from the ACIT(E), Cir 1(1), Delhi to Central Cir-16, Delhi, all the functionality and proceedings, pending or completed or to be taken in future, is also transferred from CIT(E) and his AO to PCIT(C) and his Assessing Officer.

**29.** The above conclusion is fortified by the CBDT's Notification no 70/2014 dated 13.11.2014 which is as under:

**SECTION 120(1) AND (2) OF THE INCOME-TAX ACT, 1961 - INCOME-TAX AUTHORITIES - JURISDICTION OF - SUPERSESSION OF NOTIFICATION NO. SO 822(E), DATED 23-8-2001**

**NOTIFICATION NO. 70/2014 [F. NO. 187/37/2014 (ITA-I)]/SO 2915(E), DATED 13-11-2014**

In exercise of the powers conferred by sub-sections (1) and (2) of section 120 of the Income-tax Act, 1961 (43 of 1961) and in supersession of the notification of the Government of **India**, Central Board of Direct Taxes number S.O.822(E), dated the 23rd August, 2001 published in the Gazette of **India**, Extraordinary, Part II, section 3, sub-section (ii), dated the 23rd August, 2001, except as respects things done or omitted to be done before such supersession, the Central Board of Direct Taxes hereby,—

(a)		<p>directs that the Director General of Income-tax or the Chief Commissioner of Income-tax specified in column (2) of the Schedule -1 or II annexed to this notification, as the case may be (hereinafter referred to as the "said Schedules") or the Principal Commissioner/Commissioner of Income-tax specified in column (4) of the said Schedules or Joint Commissioners of Income-tax or Assessing Officers, shall continue to exercise powers and perform the functions as stipulated in the said Act, in respect of such persons or classes of persons or such incomes or classes of incomes or such cases or classes of cases in which the said Income-tax authorities have been exercising powers and performing the functions on the basis of jurisdiction assigned by any order passed under the said Act on the date of publication of</p>
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		this notification, till such jurisdiction is revoked;
(b)		directs that the Director General of Income-tax or the Chief Commissioner of Income-tax specified in column (2) of the said Schedules or the Principal Commissioner/Commissioner of Income-tax specified in column (4) of the said Schedules or Joint Commissioners of Income-tax subordinate to them, shall exercise powers and perform the functions as stipulated in the said Act in respect of such cases or classes of cases or such persons or classes of persons, assigned to Assessing Officers subordinate to them, under section 127 of the said Act, from the date of publication of this notification;
(c)		authorises the Director General of Income-tax or the Chief Commissioner of Income-tax specified in the said Schedules, or the Principal Commissioner/Commissioner of Income-tax specified in column (4) of the said Schedules, to issue orders in writing, vesting jurisdiction to exercise powers and perform functions of an Assessing Officer as defined under clause (7A) of section 2 of the said Act, to the Deputy Commissioner of Income-tax or Assistant Commissioner of Income-tax or Income-tax Officer who are subordinate to them.

2. This notification shall come into force with effect from the 15th day of November, 2014

#### SCHEDULE - II

	Chief Commissioner of Income-tax (Central)	Headquarters	Principal Commissioner/Commissioner of Income-tax (Central)	Headquarters
	(2)	(3)	(4)	(5)

	Chief Commissi oner of Income- tax (Central), Delhi	Delhi	(i) Principal Commissioner /Commissioner of Income-tax (Central), Delhi - 1	Delhi
			(ii) Principal Commissioner/ Commissioner of Income-tax (Central), Delhi - 2	Delhi
			(iii) Principal Commissioner /Commissioner of Income-tax (Central), Delhi - 3	Delhi

**30.** In the light of the above provisions of law and the Notifications, we now proceed to adjudicate the issue at hand. It is true that the Notification no. 52 dated 22.10.2014 grants the Commissioner of Income Tax (Exemption), Delhi-2 to have territorial and subject jurisdiction on "All cases of persons in the territorial area specified in column (4) (i.e.,Delhi) claiming exemption under clauses (21), (22), (22A), (22B), (23), (23A), (23AAA), (23B), (23C), (23F), (23FA), (24), (46) and (47) of section 10, section 11, section 12, section 13A and section 13B of the Income-tax Act, 1961 and assessed or assessable by an Income-tax authority at serial numbers 88 to 111 specified in the notification of Government of India bearing number S.O. 2752 dated the 22nd October, 2014".

46. On the issue of the decision of Honourable Supreme Court in Principal Commissioner of Income-tax vs. ABC Papers Ltd. [2022] 141 taxmann.com 332 (SC)/[2022] 289 Taxman 150 (SC)/[2022] 447 ITR 1 (SC)[18-08-2022] we find that the question before the honourable court was the jurisdiction of the High Court consequent

upon administrative order of transfer of a 'case' under section 127 of the Act from one Assessing Authority to another Assessing Officer located in a different State. Honourable Punjab & Haryana High Court took the view that such a transfer would not change the principle laid down in Seth Banarasi Dass Gupta. However, the Honourable Delhi High Court in CIT v. Sahara India Financial Corpn. Ltd. [2007] 162 Taxman 357/294 ITR 363 and CIT v. Aar Bee Industries [2013] 36 taxmann.com 308/357 ITR 542 has taken a different view. The Honourable Delhi High Court held that an administrative order of transfer of cases will also have the consequence of transferring even the jurisdiction of the honourable High Court. As there is a difference of opinion between the honourable High Court of Punjab & Haryana on the one hand and the Honourable High Court of Delhi on the other, the Honourable supreme court was to determine and declare the appropriate High Court for filing an appeal in such cases.

47. It is argued that decision of Advantage India on this aspect is no longer valid as it relied on up decision of Punjab & Haryana High court which is reversed by the Honourable Supreme court in ABC papers Limited. On careful consideration of the decision of the Honourable Punjab & Haryana High court in CIT V Sahara India Financial corporation Limited which was followed and relied by Advantage India to hold that case also includes the power to cancel the registration also in para no 26 to 30 is valid as the Honourable Supreme court in ABC papers Limited has not overruled the decision

of Punjab & Haryana High court in CIT V Sahara Indi Financial Corporation Limited. Further the decision of Honourable Supreme court was altogether on the jurisdiction of Honourable high court and did not have any occasion to consider the situation as before us which is also there in case of Advantage India. Hence, we hold that The Ld CIT has validly assumed jurisdiction for cancellation of registration u/s 12 AB of the Act.

48. Therefore, we reject this contention of the LD AR that the PCIT Central lacks Jurisdiction as powers of cancellation are not transferred to him and further the ' case" does not include power of cancellation as it does not refer to any assessment year.
49. It is never in question that if the ITAT finds the noncompliance or violation of any provisions of section 127 of the Act, consequent orders can be quashed. This is also supported by the decision cited by the Id AR. But those are not relevant here unless we find that there is a violation of section 127 of the Act.
50. Accordingly Ground no 3 of the appeal is dismissed.
51. Now coming to ground no 8 of The Appeal that without prejudice, the Pr. CIT (Central) erred in cancelling registration retrospectively and, if at all, could only have cancelled registration with effect from the Assessment Year 2023-24. The Ld AR has heavily relied on the decision of the Amla Jyothi [ supra]. We find that decision of Delhi ITAT in Advantage India [ Supra] has considered this aspect in para no. 48 onwards as under:-

*"48. On the issue of the jurisdiction of the Pr. CIT(Central-2), Delhi to cancel the registration with retrospective effect, we find that the express power of cancellation were duly incorporated by the Parliament into the Income Tax Act, 1961 by way of Finance Act, 2004 vide which a specific section 12AA (3) was incorporated in the statute. Further, vide Finance Act, 2010, Section 12AA(3) was amended to include cancellation of registration granted u/s 12A. The legal dictum is that the retrospective applicability can either be expressly provided for or can be inferred by necessary implication from the language employed. The Hon'ble Supreme Court in the case of Zile Singh v. State of Haryana (2004) 8 SCC 1 at Para 15, held as follows:*

*"It is not necessary that an express provision be made to make a statute retrospective and the presumption against retrospectivity may be rebutted by necessary implication especially in a case where the new law is made to cure an acknowledged evil for the benefit of the community as a whole (ibid., p. 440). This can be achieved by express enactment or by necessary implication from the language employed. If it is a necessary implication from the language employed that the legislature intended a particular section to have a retrospective operation, the courts will give it such an operation. In the absence of a retrospective operation having been expressly given, the courts may be called upon to construe the provisions and answer the question whether the legislature had sufficiently expressed that intention giving the statute retrospectivity. Four factors are suggested as relevant: (1) general scope and purview of the statute; (in) the remedy sought to be applied; (i) the former state of the law, and (iv) what it was the legislature contemplated. (p. 388)."*

*49 . It is also legally provided that the presumption against retrospective applicability only arises when a vested right is sought to be impaired. As explained above, the authority to cancel registration was expressly provided in the statute since*

*2004. Therefore, it cannot be disputed that no trust/institution can claim to have a vested right to registration, which was in violation of the terms and conditions provided under a different statutory provision in force during the relevant time. The provisions of registration of trusts/institutions under Section 12A/12AA/12AB being a regulatory provision made in the interest of the general public, deserves to be interpreted in a manner which would further the larger public interest in case any violation of the provisions is noticed.*

*50. Our view is reinforced from the decision of the Delhi ITAT in the case of Young Indian (supra), that there is no bar in the statute to cancel the registration of an institution with retrospective effect. In paras 49, 88 and 121, the Delhi Bench held in the aforesaid case that the Pr CIT has the power to cancel the registration with retrospective effect as under:*

*" 49. Without prejudice, the Ld. Counsel submitted that registration cannot be cancelled retrospectively without giving specific opportunity to the assessee and further, registration cannot be cancelled with retrospective date. Reliance in this regard was placed on the judgment of Allahabad High Court in the case of Agra Development Authority (2018) 90 taxmann.com 282 and of Madras High Court in the case of Auro Lab v. ITO (2019) 102 taxmann.com 225 (Madras).*

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*88. As regards reliance placed on the judgment of Madras High Court in the case of Prathyusha Educational Trust (supra) on retrospective cancellation of registration u/s. 12A/12AA, the ld. counsel submitted Hon'ble Allahabad High Court in the case of Agra Development Authority (supra) has clearly held that CIT*

*(Exemption) is not empowered to cancel registration with retrospective effect, i.e., prior to the date of issuance of order/notice. To the same effect, there is another judgment of Hon'ble Rajasthan High Court in the case of Indian Medical Trust v. PCIT, 414 ITR 296.*

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*121. One of the key contentions raised by the ld. counsel before us is that the ld. CIT(E) does not have the power to cancel the registration from retrospective date and any such cancellation can only be prospective, i.e., from the date of passing of the order and in support of which certain decisions have also been relied upon. From a bare reading of Section 12AA (3) it is seen that, section provides that where a trust or an institution has been granted registration and if subsequently, Pr. CIT or CIT is satisfied that the activities of the trust are not genuine or are not carried out in accordance with the objects of the trust, he may cancel the registration by way of an order in writing. Consequently, if there is violation of any such conditions, then the registration so granted can be cancelled by the CIT. Nowhere, the Statute envisages that the cancellation cannot be retrospective or it has to be necessarily prospective. What it provides that the Commissioner has statutory powers to cancel the registration u/s. 12A/12AA if he finds reason to believe that the activities of the assessee are not in line with its objects or the activities carried out by the assessee are not genuine in nature. If from the date when registration has been granted, the assessee has not carried out any activity in line with its objects or the activities carried out are not genuine, then from that date itself, the registration can be cancelled because it is only when the knowledge of such breach come to the notice of the Commissioner, then he has the power to cancel the registration from the date he notices the infringement. The cancellation of registration, whether with retrospective effect or prospective, depends upon the facts and circumstances of the case and the Commissioner has power to cancel the registration from the time when such breach has occurred. Suppose, if the assessee after grant of registration carries out its activities in accordance with*

*its objects and the activities are also genuine then the assessee is entitled for benefits of section 12AA; and if from a particular period or year, the activities are found to be either non-genuine or not carried out in accordance with its stated objects, then the Commissioner can cancel the registration from the date or period when such non genuineness is found. Hon'ble Madras High Court in the case of Prathyusha Educational Trust (supra) have clearly reiterated this proposition, relevant text of which has been already incorporated above, wherein their Lordships have held that it a misnomer to state that the order is retrospective or retroactive and the order of the cancellation of registration even passed on subsequent date would take effect from the year when cause of action arose."*

*51. The Delhi ITAT in the case of Young Indian (supra) drew its strength from the decision of Hon'ble Madras High Court Pratushyusha Educational Trust v. Pr. CIT [2019] 108 taxmann.com 385/266 Taxman 105/416 ITR 129 (Madras) which observed as follows:*

*"At the first blush, the Court assumed that the argument of Mr. Anirudh Krishnan is to the effect that the cancellation/withdrawal was with effect from the date of grant of exemption/registration. However, on a perusal of the order dated 18.11.2014 withdrawing the approval granted under Section 10(23C)(vi) of the Act, it is seen that it has been given effect to from the assessment year 2010-2011. Likewise the order cancelling the assessee's registration under Section 12AA of the Act is from the assessment year 2010-2011. Can it be said that these orders of cancellation are with retrospective effect. The definite answer for this question is an emphatic 'No'. Admittedly, the business premises of the assessee was subjected to search during the assessment year 2010-2011. The Assessing Officer while completing the assessment found large scale diversion of funds and several improper actions on the part of the assessee in*

*direct conflict to the terms of the Deed of Trust and conditions of registration/exemption. Therefore, it was recommended to the competent authority to initiate proceedings for cancellation of the exemption/registration. The matter was decided after due opportunity to the assessee and speaking orders have been passed and obviously these orders will take effect from the assessment year 2010-2011 and it is a misnomer to state that the orders are retrospective or retroactive. The lis which was the subject matter is for the assessment year 2010-2011 and though the orders of cancellation of the exemption/registration was passed on 18.11.2014 and 07.12.2016 they would take effect from the assessment year 2010-2011 during which year the cause of action arose. This being the factual position, the decision in the case of Aura Development Authority is not applicable to the facts of the present case.*

*52. In Mumbai Cricket Association v. DIT, Mumbai Cricket Association v. DIT (Exemption) [2012] 24 taxmann.com 99/138 ITD 338 (Mumbai), the Tribunal held that registration of a charitable institution could be cancelled u/s. 12AA(3) with retrospective effect. In such a scenario, we are of the considered view that the PrCIT(Central) had the necessary authority to cancel the registration with retrospective effect, since the activities of the trust are not found to be genuine or in accordance with the objects of the trust.*

*53. The reliance of the assessee on the decision of State of Rajasthan v. Basant Agrotech India Ltd 388 ITR 81 (Punjab & Haryana) and Industrial Infrastructure Development Corporation(Gwalior) MP Ltd (supra) with respect to bar in cancelling the registration with retrospective effect on the*

*ground that there is no express provision in the section is misplaced. We find that the Hon'ble Supreme Court in Industrial Infrastructure Development Corporation(Gwalior) MP Ltd (supra) has held that the prior to the year 2004, there was no express provision to cancel the registration and hence there was no authority with the CIT to cancel the Registration. However, with the insertion of section 12AA(3) in the Act with effect from 01.10.2004, the CIT was empowered to cancel the registration, on meeting the conditions prescribed. The Hon'ble Supreme Court in Industrial Infrastructure Development Corporation (Gwalior) M.P. Ltd. (supra) Income-tax, Gwalior has held as under:*

*"27. It is not in dispute that an express power was conferred on the CIT to cancel the registration for the first time by enacting sub-Section (3) in Section 12AA only with effect from 01.10.2004 by the Finance (No.2) Act 2004 (23 of 2004) and hence such power could be exercised by the CIT only on and after 01.10.2004, i.e., (assessment year 2004-2005) because the amendment in question was not retrospective but was prospective in nature . '*

*54. The reliance on the CBDT Circular No. 21/2016 dated 27.05.2016 and Sarvodya Pannan 348 ITR 300 (Mad HC); Khar Gymkhana(supra) and Maria Social Service Society (supra)) does not come to the rescue of the assessee. The CBDT's circular only clarifies that it shall not be mandatory to cancel the registration already granted u/s 11 to a charitable institution merely on the ground that the cut-off specified in the proviso to*

*section 2(15) of the Act is exceeded in a particular year without there being any change in the nature of activities of the institution. The case laws relied only prescribes that order for cancellation cannot be de-hors the satisfaction of twin conditions. In the instant case, the registration is cancelled strictly on the grounds of non-genuine activities and activities not in accordance with objectives of the Trust which are the prerequisite conditions.*

*55. The reliance on Tamil Nadu Cricket Association (supra); Lilavati Kirtilal Mehta Medical Trust(supra) and Welham Boys School (supra) are distinguishable on facts. The proposition advanced in the above decisions do not apply in the facts of the instant case. In the instant case, there is no onetime violation due to ignorance and that too for a very short duration which has considered as ground for cancellation of Registration. In any case, a one time violation is also sufficient to lead to cancellation of registration as held by the Hon'ble Supreme Court in the case Jagannath Gupta Family Trust (supra). The evidences found during the search/survey show that the assessee's indulgence in non-genuine activities commenced from June 2012 and continued till 2016. The fact of violation of conditions under section 11 and 13 of the Act are not the sole ground by itself which has led the PCIT(C) to the conclude that the activities are not in accordance with the objects the trust. At this juncture it would be apt to recall the 5 judge bench decision of the hon'ble*

*Supreme Court in the case of Commissioner of Customs (Import), Mumbai v. Dilip Kumar and Company [2018] 95 taxmann.com 327/ dated 30 July, 2018 AIR 2018 SUPREME COURT 3606, reversing the decision of 3 judge bench of Supreme Court in the case of Sun Export Corporation v. Collector of Customs 1997 taxmann.com 696 (SC)/(1997) 6 SCC 564 and held that an ambiguity in a tax exemption provision or notification must be interpreted so as to favour the Revenue claiming the benefit of such exemption, had laid down the law as follows:*

*18. It is well accepted that a statute must be construed according to the intention of the Legislature and the Courts should act upon the true intention of the legislation while applying law and while interpreting law. If a statutory provision is open to more than one meaning, the Court has to choose the interpretation which represents the intention of the Legislature.*

*48.....Exemptions from taxation have tendency to increase the burden on the other unexempted class of tax payers. A person claiming exemption, therefore, has to establish that his case squarely falls within the exemption notification, and while doing so, a notification should be construed against the subject in case of ambiguity.*

*56 To sum up, we answer the reference holding as under - (1) Exemption notification should be interpreted strictly; the burden of proving applicability would be on the assessee to show that his case comes within the parameters of the exemption clause or exemption notification. (2) When there is ambiguity in exemption notification which is subject to strict interpretation, the benefit of*

*such ambiguity cannot be claimed by the subject/assessee and it must be interpreted in favour of the revenue.*

*57. In conclusion, we hold that the Society was in cohorts with its ex-president in acting as a conduit for bringing commission/liasoning fees and converting them into cash by taking bogus bills/entries since June 2012. The assessee Society has failed to discharge its onus to strictly demonstrate that its activities were genuine and it was conducting its activities to further its objectives. Since the evidence show that the Society commenced its non-genuine activities that do not align with its objectives, from the year June 2012, the PCIT(C)'s cancellation of Registration order retrospectively w.e.f 27.09.1999, needs some modification as the registration cannot be cancelled from a period prior to 01.10.2004 when the express power to cancel was granted to the competent authority. We therefore, modify the PCIT(C) order withdrawing the registration granted to the extent that it be effective from the June 2012 in FY 2012-13, instead of 27.09.1999, till the date of order of cancellation. The ground No 4 of appeal is partly allowed."*

52. We do not rest our finding on the decision of the Delhi bench in Advantage India {supra} only that the Ld PCIT is correct in invoking his jurisdiction for cancellation of the registration u/s 12 AB of the Act with effect from Ay 2016-17 to 2022 -23. We are also supported by the decision of the Delhi ITAT in Young Indian [Supra] where in it is held that power of cancellation of registration is

available with the PCIT since 2004. It also gets support from MEMORANDUM EXPLAINING THE PROVISION OF THE FINANCE ACT (2) OF 2004 which provides as under :-

Memorandum explaining the Finance Bill No 2 of 2004

Power to the Commissioner for cancelling registration under section 12AA

Under the existing provisions of section 12AA the procedure for registration of a trust or institution by the Commissioner of Income-tax is provided. Although the power of cancellation of registration flows from the power to register, the same has not been specifically provided in the Income-tax Act thereby leading to unnecessary litigation.

It is proposed to provide that if the Commissioner of Income-tax is satisfied that the activities of any trust or institution are not genuine or are not being carried out in accordance with the objects of the trust or institution, he shall, after giving reasonable opportunity of being heard to the concerned trust or institution, pass an order in writing cancelling the registration granted under the said section.

The proposed amendment will take effect from 1st October 2004. [Clause 6]

53. Thus, it is clear from the above that power of cancellation was available with the Id PCIT since 1st October 2004. Later on there is

some amendment in the provisions of cancellation by THE FINANCE ACT 2022 wherein over and above genuineness of the trust criteria of 'Specified Violations" were also enacted.

54. If for a moment, we agree with the arguments of the Id AR that the power could be exercised only from 1/4/2022 i.e. from A Y 2022-23 only, it would lead to anomalous situation. Suppose, if the Income tax Department comes to know about the non genuineness of the trust activities after 1/4/2022 prior to that date, it would be helpless prior to this period as those trust despite engaging in non genuine activities would be enjoying benefit of section 11 to 13 of the act and avoiding taxes u/s 115 TD of The Act up to Ay 2022-23. This is neither the intention of the law nor the law can be interpreted in such manner.
55. Further, circular No. 23/2022 dated 3 November 2022 in paragraph No. 9.5.4 has clearly stated that these powers are available from 1 April 2022 and are not at all restricted to any assessment year. Therefore it is clear that after 1 April 2022, the learned principal Commissioner of income tax is empowered to cancel the registration if specified violations or non-genuineness of the trust is found for any assessment year which can be reopened/reassessed and after 1/4/2004 it is empowered to cancel the registration for that period if the activities of trust are found to be non-genuine.
56. It is also the fact that powers were given to the PCIT for cancellation of registration with effect from 1st October 2004. Further such powers were amended from 1/4/2022. It is not the case that the authority has

assumed powers to exercise such jurisdiction prior to the date on which they are authorised to do so. Therefore, it cannot at all be considered a retrospective application of law.

57. Accordingly, we dismiss Ground no 8 of the appeal.
58. Coming to ground No. 9 to 13 on the merits, we have carefully considered the rival contentions and also perused the material placed before us. We find that the first specified violation was stated by the learned PCIT is with respect to 'exerting influence for promotion of political articles by paying more money compared to the other articles'. We find that the submission of the assessee was that the covering politics is left to the journalist and further the assessee does not review articles, stories published and does not have any directorial oversight. Further assessee when confronted with the agreements and various rate cards, it was explained and narrated that 'caravan' is a very renowned and awarded magazine. The learned PCIT rejected the same stating that claims are very generic, and no reasons are specifically provided that why the political articles are paid higher. Further the claim of the assessee that there is huge cost involved in publishing the political articles compared to the other articles and therefore there is a change in rate is also not substantiated. We find that the rates paid by the assessee for politics governance, policy, corruption as per the payment terms as per schedule No. 2 of the addendum agreement is ₹ 1 lakh compared to the other topics articles which are even half of the rate. Therefore, it is apparent that if the articles are published on specified subject of politics, governance,

policy, corruption, economic, business, free press, law and society, the amount of remuneration to be paid to the content provider for a story is ₹ 1 lakh whereas for others it is only 50,000/-. But this remains only a fact that when the political articles are published, the assessee is paying more to the content provider. This also remains a fact that if the higher sum is paid by the assessee to the content provider, it is in a position to influence those content providers to give more political contents. Thus, the allegation of the learned PCIT was that assessee was trying to control the category of the content by paying them the higher sum is correct. The explanation of the assessee was only with respect to that all these content providers are very renowned, have earned testimony to the quality of journalism produced on a consistent basis. However, there was no reply that when the assessee pays higher sum for a particular topic to the content providers, why the content providers will produce the material or content which is earning them less revenue. Thus, it is true that by paying the higher sum, or creating a rate structure in a manner, the assessee is promoting them to produce more articles on politics etc. a. This fact was not denied by the assessee that when a higher sum is paid, whether the content providers will produce the articles which are earning less. Naturally, the allegation of the learned PCIT was not on the quality of the content of the magazine but the fact that assessee is promoting printing of political articles and trying to control the category of content published by paying higher sum. This is not stated in the object of the trust. Thus, it shows that activity of the assessee

is promoting the articles on political agenda by paying the higher rates to different media.

59. With reference to the 'biased promotion of selected articles and issues', the learned and PCIT has referred to the WhatsApp chat between the CEO of the assessee as well as the key person of Dool 360 private limited, to whom assessee has provided the total grant of ₹ 20,947,894/- in four financial years. The communication with the key person of spunkline media private limited to whom the assessee has provided total grant of ₹ 21,008,900 in five financial years, further with the key person of print line media private limited, whom assessee has provided grant of ₹ 58,095,003/- for four years and the chat with Miss Barkha Dutt to whom the grants of ₹ 9,910,000 were provided in two years. The WhatsApp chat clearly shows that t from the side of the assessee a definite hint for publication of specific stories/ article, in different languages are conveyed. It may be an altogether different things that whether those entities publish those articles or not, but it is a fact that the chat of the assessee with those persons clearly shows an inclination for promotion of select articles by those entities. Thus, when the assessee has given huge sums to these entities, naturally, if the hint is provided by the assessee to carry on a particular story, at least, the chat shows that those content providers have given attention to it. It is immaterial that those parties did not print such articles in their won wisdom. We are not here to test their wisdom of those parties but to examine the activities of the assessee that whether it is charitable or not. We do not find that this is

part of the any of the object of the assessee to give a lead for publication of a particular kind of articles. There is also definitive hint to carry on the articles by translating it into a different language which were already taken by the other content providers. A specific communication is with the print line media wherein the assessee has communicated that in 'the recent CLAT exam there has been widespread discontent amongst students due to glitches on how the papers were evaluated. SC did not stay the result today and it was stated that could he go through the mail after which shall brief you on the source of the info'. This was the message by the CEO of the assessee. Therefore, not only the lead and the content but source of such information was also fed by the assessee to the content providers, we do not find that that is the object of the trust or even if it is object of the trust same is for charitable purpose.

60. The third objection is that assessee is supporting publicization of polarised content. This fact is considered at paragraph No. 5 of the order of the learned principal Commissioner of income tax. The assessee was specifically shown the several articles published by Samarasya Media LLP as well as Janjhwar foundation. The headlines for "harassed for being Muslims", 'Sedition cases in Modi era', "as BJP talks of law against conversion, attacks against Christians rise in Karnataka", "Modi government keeps financial deal with Bharat Biotech secret" and further certain ground reports on issues which are mentioned at page No. 51 – 52 of the order. On looking at the themes of the articles placed at page No. 53 and 54 of the order it clearly

shows that these are polarised contents, and which is not the object of the assessee. Further even otherwise, publishing polarised content which may create any disturbance in the society or are of a political nature, cannot be held to be a charitable activity at all.

61. With the fourth objection that the assessee is granting huge sums of money to the several entities under the garb of content commissioning charges as professional fees but there is no details of any services rendered by them to the assessee, therefore, such grant cannot be considered as an application of fund. We find that the paragraph No. 6.1 of the order list 21 entities wherein last six years the assessee has given almost ₹ 420,000,00/- these entities in the form of grant or content commissioning charges. The contention of the assessee is that such grant is within the objects of the assessee. And therefore, it cannot be stated that the assessee has granted funds to these entities beyond its object. Carefully considering once again the objects, clearly provides that had it been provided to educational institution or certain charitable organisation, or other institutions engaged in journalism, it would have definitely served the object of the assessee. However, contributing the funds to the profit making entities without giving any evidence of any services rendered to the assessee, defies the common sense that it can be considered as an application of the income of the assessee.
62. The further objection was with respect to the analysis of the annexure A – 4 of the statement of the senior program manager of the assessee trust which shows that the assessee trust and granted funds to

PRAVADA media foundation (Alt News) to the tune of Rs. 2.25 crores in three years. It was further stated by the learned PCIT in paragraph No. 7 that the co-founder of that entity is under investigation by multiple agencies for hurting the religious sentiments through his Twitter post. This entity was also involved in reporting of matters relating to farmers protest, Covid 19, Delhi riots, CAA – NRC protest, Jamia Millia incidents and other. The impounded documents as alleged by the learned PCIT shows that organisation was being supportive to that organisation based on availability of funds and cash reserve with the Alt news. The email dated 25 April 2022 reproduced at paragraph No. 7.1 of the order shows these facts. The explanation of the assessee is that it is providing the funds for 'fact checking of the news' and which is one of the objects of the assessee trust. The learned PCIT has categorically stated that issue of pending investigation against that entity as well as exception in funding to that entity clearly shows that it is promoting the targeted news which the assessee trust wanted to support. Naturally this is not the object of the trust.

63. In view of the above facts, we find that the assessee has carried out the activities which are listed in the order of the learned PCIT which are not in consonance with the object of the assessee. We find that the object of the assessee are promoting excellence in education in the field of journalism but the facts recorded by the learned PCIT shows that it is 'exerting influence for promotion of political articles by paying the content provider more money', it is also 'promoting biased

and select articles', 'polarised contents ' and 'grants funds to the profit making entities in the form of professional fees without any evidence of receiving services' from them.

64. Charitable purpose specifically deals with the benefit to the public or a section of public. In this case when the assessee is providing funds to the profitable entities without any stated rendition of services by them in the garb of either professional fees or grant, does not satisfy the provisions of the law that it is an application of the income for the purposes of the object of the trust which are charitable in nature.
65. Further the trust being an entity which is receiving the donations from the most illustrious companies, entities, persons from the country as well as the most decorated board of Trustees, does not make the case of the assessee stronger that despite collecting donations from them, the assessee can carry out objects which are not the objects of the trust. Further the various certificates of the personalities that 'those are not influenced' is also of no use. There is no evidence produced before us by the assessee except the reports etc. which are merely documents without substance, to show that the assessee is carrying on the activities of the trust in consonance with the objects and deserves registration u/s 12 AB of the Act. Therefore, we have no hesitation in dismissing ground 9 – 14 of the appeal of the assessee.
66. Ground No. 15 of the appeal is with respect to the disproportionate action of the learned PCIT in cancelling the registration of the trust. We find that provisions of section 12 AA (4) (a) are clear that if whole or any part of the income of the trust is utilised for other than

the object of the trust, the trust loses the exemption entity as a whole and therefore there is nothing like disproportionate action. Further the reliance by the assessee on the decision of the honourable Supreme Court in case of Manekji Mota charitable trust (supra) is not correct as that was the case for granting of the registration to the trust where the trust has spent 29% of its income to the religious objects but 71% of its income to the objects of the trust, where the honourable High Court held that at the time of registration of the trust it may not be seen. Here in the case before us there is evidence found that the fund have been used for altogether different purposes and therefore the registration granted to the trust after a survey under section 133A of the act, was cancelled. Therefore, we dismiss ground No. 15 of the appeal.

67. Ground No. 16 is general in nature and hence, dismissed.
68. In the result appeal of the assessee is dismissed.

Pronounced in the open court on this 16<sup>th</sup> day of January 2026.

Sd/-

( KESHAV DUBEY )  
JUDICIAL MEMBER

Sd/-

( PRASHANT MAHARISHI )  
VICE PRESIDENT

Bangalore,  
Dated, the 16<sup>th</sup> January 2026.

/Desai S Murthy /

Copy to:

1. Appellant
2. Respondent
3. Pr. CIT
4. CIT(A)
5. DR, ITAT, Bangalore.

By order

Assistant Registrar  
ITAT, Bangalore.