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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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\+ **ITA 218/2016**

PR. COMMISSIONER OF INCOME TAX-VII ..... Appellant
Through: Mr. P. Roy Chaudhuri, Senior Standing counsel with Ms. Lakshmi Gurung, Advocate.

versus

POWER GRID CORPORATION OF INDIA LTD...... Respondent

CORAM:
JUSTICE S.MURALIDHAR
JUSTICE VIBHU BAKHRU

O R D E R

% **30.03.2016**

CM No. 11663 of 2016 (exemption)

1. Allowed subject to all just exceptions.

ITA No. 218 of 2016

2. This appeal by the Revenue is directed against the order dated 30th September 2015 of the Income Tax Appellate Tribunal ('ITAT') in ITA No. 5577/Del/2011 for the Assessment Year ('AY') 2008-09.

3. The only ground urged by the Revenue in this appeal is regarding the correctness of the decision of the ITAT in holding that the disallowance made by the Assessing Officer ('AO') by invoking the provisions of 14A of the Income Tax Act, 1961 read with Rule 8D of the Income Tax Rules, 1962 was erroneous.

4. Having perused the impugned order of the ITAT the Court notes that a thorough analysis of the factual situation has been made by the ITAT. It is in particular noted as under:

> "As regards dividend income though the assessee has received dividend of Rs.5.39 Crores but this dividend amount has been received from two companies, namely Powerlink Transmission Ltd. Rs.4.19Crores and Rs.1.20 Crores from PTC India Ltd. From the annual accounts of the assessee company we note that there is no change in the investments in these two companies during the year. Investments in the Powerlink Transmission Ltd. in the preceding year were Rs.229.32 Crores which continued at Rs.229.32 Croresduring the year. Similarly in PTC India Ltd. the investment in the preceding year was RS.12 Crores which continued at RS.12 Crores during the year under consideration. The dividend received from these two companies has been credited to the bank account."

5. Considering that it is not case where regular activities were undertaken by the Assessee in respect of the investments to earn income therefrom, there was no basis for the AO to hold that the expenditure as disclosed by the Assessee towards earning exempt income was insufficient. The Court finds no legal infirmity in the impugned order of the ITAT. No substantial question of law arises for consideration.

6. Accordingly, the appeal is dismissed.

S.MURALIDHAR, J

VIBHU BAKHRU, J

MARCH 30, 2016/mg