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

\+ ITA 233/2018 & CM APPL.7162/2018

PRINCIPAL COMMISSIONER OF INCOME TAX- 6..... Appellant

Through: Mr.Rahul Chaudhary, Sr.Standing Counsel with Ms.Vibhooti Malhotra, Jr.Standing Counsel.

versus

M/S. NTPC TAMIL NADU ENERGY CO. LTD. ..... Respondent

Through None.

\+ ITA 234/2018 & CM APPL.7163/2018

PRINCIPAL COMMISSIONER OF INCOME TAX- 6,..... Appellant

Through: Mr.Rahul Chaudhary, Sr.Standing Counsel with Ms.Vibhooti Malhotra, Jr.Standing Counsel.

versus

MLS. NTPC TAMIL NADU ENERGY CO. LTD. ..... Respondent

Through None.

CORAM:
HON'BLE MR. JUSTICE S. RAVINDRA BHAT
HON'BLE MR. JUSTICE A. K. CHAWLA

O R D E R

% **23.02.2018**

The Revenue’s appeal is directed against the order of ITAT, which held that the interest derived from mobilisation advance made over to the assessee’s contractors in the course of execution of the agreement for setting up of the plant and equipment in a new project, was intrinsically connected with its business activities. The Assessing Officer (AO) brought to tax its amount as other income. Consequently, the assessee appealed to the CIT(A), who applied the ratio of the Supreme Court's judgment in *CIT Vs. Bokaro Steel Ltd.,* 236 ITR 315. The CIT(A) also noticed that in *NTPC SAIL Power Supply Company (P.) Ltd. Vs. CIT* (ITA no. 1238 decided on 17.7.2012), this Court had allowed the assessee's claim that the interest was inextricably linked to the setting up of the project and therefore, constituted business income. The ITAT concurred with the CIT(A)'s decision in rejecting the Revenue's appeal.

It is evident that both the lower authorities followed the ruling of the Supreme Court on the question of treatment of interest in such cases. Furthermore, this Court too has in the case of the same assessee held that similar income had to be treated as business income. Therefore, no substantial question of law arises in this appeal, hence the appeal is dismissed.

S. RAVINDRA BHAT, J

A. K. CHAWLA, J

FEBRUARY 23, 2018

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