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

\+ ITA 500/2022

PRINCIPAL COMMISSIONER OF INCOME TAX, DELHI-4 ..... Appellant

Through: Mr. Abhishek Maratha, SSC along with Mr. Parth Semwal, JSC and Ms. Nupur Sharma, Adv.

versus

M/S IFCI LTD ..... Respondent

Through: Ms. Kavita Jha and Mr. Himanshu Aggarwal, Advs.

CORAM:
HON'BLE MR. JUSTICE YASHWANT VARMA
HON'BLE MR. JUSTICE PURUSHAINDRA KUMAR KAURAV

O R D E R

% **04.04.2024**

1. This appeal which calls in question the order of the Income Tax Appellate Tribunal ['**ITAT**'] dated 31 August 2020 raises questions identical to those which we considered in ITA 499/2022.

2. While ruling on the question of Section 14A of the Income Tax Act, 1961 ['**Act**'], the ITAT has observed thus: -

> "38. Ground number 9 is with respect to the disallowance u/s 14A of the income tax act. The assessee has earned exempt dividend income of Rs.271,595,658. The learned assessing officer noted that average investment in shares during the financial year 2001-02 is Rs.12,587,810,000 and the cost of borrowing is 12.14%, Rs.1,528,160,134, the proportionate interest cost attributable to earning of the dividend income. He further found that assessee has incurred the administrative expenditure of Rs.49,83,90,000 on the total receipts of Rs.22,486,490,000 wherein the dividend income is only Rs.271,595,658, therefore he worked out the proportionate administrative expenses disallowance of Rs.6,019,639. He therefore disallowed Rs.1,534,179,773 u/s 14A of the act. As the assessee has already disallowed a sum of Rs.2 lakhs, the net disallowance was made. On appeal before the learned CIT-A, he held that interest free

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funds available with the assessee are more than the subscription to the shares in an assisted concern. He noted that assessee has interest free funds available of Rs.1224.70 crores whereas the investment in shares is only of Rs.90.57 crores. Therefore relying on the decision of the honourable Bombay High Court in ·case of Reliance Utilities And Power Ltd (2009) 313 ITR 340, he deleted the disallowance on account of interest. Further with respect to the disallowance of expenditure following the decision of the CIT- A in assessee's own case for assessment year 1998-1999, he restricted the disallowance to Rs.10 lakhs. Accordingly he deleted the addition of Rs 153,29,79,773 made by the learned assessing officer u/ s 14 A of the act."

3. In view of the aforesaid, we are of the considered opinion that no exception can possibly be taken to the view as expressed. The appeal raises no substantial question of law. It shall stand dismissed.

YASHWANT VARMA, J.

PURUSHAINDRA KUMAR KAURAV, J.

APRIL 04, 2024RW

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