PALLAVI MAHENDRA WARGAONKAR
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Pallavi

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

INCOME TAX APPEAL (IT) NO. 102 OF 2024

Pr Commissioner of Income Tax 3 Pune ...Appellant
Versus
Shriniwas Engineering Auto Components Private Limited ...Respondent

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Mr. Vikas T. Khanchandani, for Appellant.

CORAM : M.S. Sonak &
Advait M. Sethna, JJ.

DATED : 3 December 2025

P.C.:-

1. Heard Mr. Vikas Khanchandani, learned counsel for the Appellant.

2. Mr Khanchandani submits that his Appeal may be admitted on the substantial question of law formulated in paragraph 4 of the Appeal Memo.

3. We have been shown the judgment of the Coordinate Bench in **Principal Commissioner of Income Tax, Central-2 v. Welspun Steel Ltd**.[1]. In this, the Coordinate Bench after considering the Incentive Scheme has held that even though subsidy was to be calculated based on sales tax or excise duty, such subsidy will be capital in nature because the same was

[1] (2019) 103 taxmann.com 436 (Bombay)

given for the purpose of setting up the new industry. Further, the Coordinate Bench held that since the subsidy was not payment towards acquisition of plants or machinery/capital assets, the amount of subsidy was not to be deducted from the actual costs under Section 43(1) for calculating depreciation.

4. Accordingly, the questions now proposed, stand answered against the Revenue by the above-referred decision in **Welspun Steel Ltd.** (supra).

5. By following the decision of the Coordinate Bench, we dismiss this Appeal on the ground that it involves no substantial questions of law. We note that even challenge to the decision in **Welspun Steel Ltd** (supra) was dismissed by the Hon'ble Supreme Court.

(Advait M. Sethna, J) **(M.S. Sonak, J.)**