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

+ ITA 287/2022

THE PR. COMMISSIONER OF INCOME TAX -CENTRAL -1

..... Appellant

Through: Mr. Ruchir Bhatia and Ms. Mansie  
Jain, Advocates

versus

IFFCO LTD

..... Respondent

Through: Mr. Mayank Nagi, Mr. Tarandeep  
Singh and Mr. Pulkit Verma,  
Advocates

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Date of Decision: 25<sup>th</sup> August, 2022

**CORAM:**

**HON'BLE MR. JUSTICE MANMOHAN**

**HON'BLE MS. JUSTICE MANMEET PRITAM SINGH ARORA**

### **J U D G M E N T**

**MANMOHAN, J (Oral):**

1. Present Income Tax Appeal has been filed challenging the order dated 25<sup>th</sup> January, 2021 passed by the Income Tax Appellate Tribunal ('ITAT') in ITA No.6083/Del/2017 for the Assessment Year 2011-12.
2. Learned counsel for the Appellant states that the ITAT has erred in holding that it was incumbent upon the Assessing Officer to demonstrate that interest - bearing funds had been utilized for making the investments in question even though the provision of Rule 8D(2)(ii) talks of 'expenditure by way of interest during the previous year which is not directly attributable to any particular income or receipt' meaning thereby that, if interest expenditure which is not directly relating to income and which does not form part of total income has been incurred by the assessee, it is mandatory



to make proportionate disallowance of the same in accordance with the formula laid down in the said Rule 8D(2)(ii).

3. A perusal of the paper book reveals that both the appellate authorities below have given concurrent findings of fact that at the end of the Financial Year 2010-11, the Society's total borrowings was at Rs.11,352 crore, whereas the fund required for making capital and fixed assets stood at Rs.19,791 crore. Further, the bank had imposed stringent end use condition and limits while sanctioning the loans which were only for specific purposes. There was specific prohibition for the use of the funds for investment in shares of other companies and capital markets. So the borrowed funds could not have been utilised for the investment purposes. It has been noted by both the appellate authorities that there was huge availability of assessee's own surplus funds, the details of which were furnished by the assessee.

4. Moreover, the ITAT in the present case has relied on the decision of its coordinate Bench in assessee's own case for the Assessment Year 2009-10 against which no appeal has been filed.

5. Consequently this Court is of the view that no substantial question of law arises for consideration in the present appeal. Accordingly, the same is dismissed.

**MANMOHAN, J**

**MANMEET PRITAM SINGH ARORA, J**

**AUGUST 25, 2022/AS**