

**HIGH COURT OF JUDICATURE FOR RAJASTHAN  
JODHPUR**

D.B. Income Tax Appeal No. 81/2017

Pr. Commissioner Of Income Tax, Udaipur

----Appellant

Versus

M/s Secure Meters Ltd.

----Respondent

Connected With

D.B. Income Tax Appeal No. 10/2013

C.i.t.udaipur

----Appellant

Versus

M/s Secure Meter Ltd.

----Respondent

D.B. Income Tax Appeal No. 11/2013

C.i.t.udaipur

----Appellant

Versus

M/s Secure Meter Ltd.

----Respondent

D.B. Income Tax Appeal No. 118/2014

C.i.t. Udaipur

----Appellant

Versus

M/s Secure Meters Ltd.

----Respondent

D.B. Income Tax Appeal No. 74/2017

Pr. Commissioner Of Income Tax, Udaipur

----Appellant

Versus

M/s Secure Meters Ltd.

----Respondent

D.B. Income Tax Appeal No. 92/2017

Pr. Commissioner Of Income Tax, Udaipur

----Appellant

Versus

M/s Secure Meters Ltd.

----Respondent

D.B. Income Tax Appeal No. 93/2017

Pr. Commissioner Of Income Tax, Udaipur



----Appellant

Versus

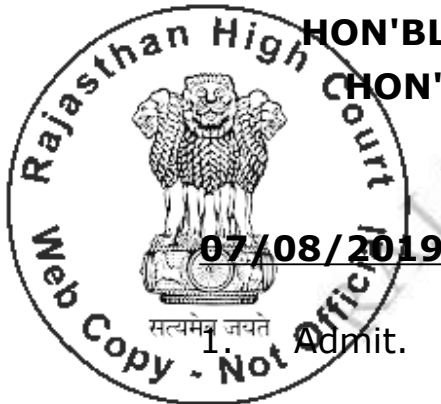
M/s Secure Meters Ltd.

----Respondent

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For Appellant(s) : Mr.K.K.Bissa  
Mr.G.S.Chouhan  
For Respondent(s) : Mr.Anjay Kothari

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**HON'BLE THE CHIEF JUSTICE S. RAVINDRA BHAT**  
**HON'BLE MR. JUSTICE VINIT KUMAR MATHUR**

**Order**

**07/08/2019**

1. Admit.

2. The following question of law for arises consideration:-

"1. Whether on the facts and in law the Id. ITAT was justified in directing to include other income for computing deduction u/s 80IB / 80IC of the Act ignoring the fact that the other income is not at all 'profit derived from industrial undertaking' and hence not eligible for deduction u/s 80IB / 80IC of the I.T. Act?

3. Whether on the facts and in law the Id. ITAT was justified in deleting the apportionment of depreciation made on assets of Head Office used also for activities of different eligible industrial undertaking for computing deduction u/s 80 IB / 80 IC?

5. Whether on the facts and in law the Id. ITAT was justified in deleting the apportionment of expenses on product development for activities of different eligible industrial undertaking for computing deduction u/s 80IB / 80IC?"

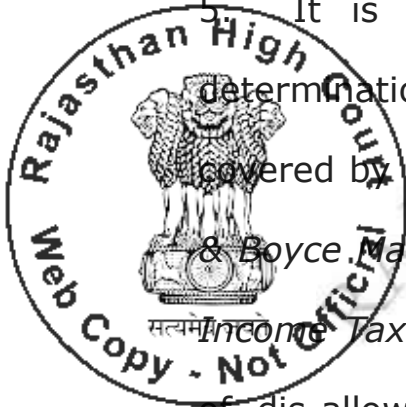
3. Mr.Anjay Kothari accepts notice on behalf of the respondents.

4. The other questions of law urged are first with respect to justifiability of deduction of certain amount under Section 80 IB/IC as part of trading profits for the bated unit. The second question is with respect to deletion of apportionment of expenses on information system for activity of different eligible industrial undertaking; the third question is with respect to dis-allowance of

deduction of certain amount in respect of service income; the fourth question is with respect to adjustment of certain amount, towards interest chargeable on credit facility for the extended period or delay in realization of debts, the assessee A.E. The last question relates dis-allowance of certain amount under Section 14 A of the Income Tax Act.

5. It is not dispute that the last two questions i.e. ALP determination and dis-allowance under Section 14 A are now covered by decision of the Supreme Court. The decision in *Godrej & Boyce Manufacturing company Ltd. Vs. Deputy Commissioner of Income Tax & Anr.* (2017) 394 ITR 449 (SC) covers the question of dis-allowance against the revenue under Section 14 A. As regards the ALP determination and adjustment, the question does not arise in view of the recent decision of this Court in *Pr. Commissioner of Income Tax, Udaipur Vs. M/s Secure Meters Ltd., E-Class, Pratapnagar Industrial Area, Udaipur* [D.B.I.T.Appeal 139/2018 decided on 29.07.2019].

6. As far as the question relating to trading profit is concerned, the record shows that the assessee derived this income from the sale of boxes manufactured by it to house electric meters. It is not disputed that the deduction under Section 80 IB/IC was for manufacture of electric meters. The manufacture and supply of boxes, which are essentially for housing electronics meters so as to make it convenient for use by the consumers is an activity intrinsically connected with the business qualifying for deduction. As a consequence, it is held that this question of law does not arise.



7. The other two questions in the opinion of this Court relating to service income and apportionment of the expenses, having regard to the concurrent findings do not arise.

8. This Court is further of the opinion that in I.T.Appeal No.74/2017, the additional question urged i.e. adjustment on account of the corporate guarantee provided by the assessee to its

A.E. does not arise. The reasoning is that such corporate guarantee is part of the commercial activity of the assessee and no cost was incurred by the assessee when it provided this benefit to its A.E. By all accounts it appears, therefore, to be book transaction.

9. List the appeals for hearing on 03.09.2019. The parties shall file brief synopsis not exceeding five pages each.

**(VINIT KUMAR MATHUR),J**

**(S. RAVINDRA BHAT),CJ**

29-35 Kshama Dixit/-

सत्यमेव जयते