

paragraphs. It is the submission of the Ld. Counsel for the assessee that the receipts are a mere reimbursement of expenses (including interest) and the trust operates as a pass through entity for the welfare of the rural labour class and there is no business profit to be taxed. Further, the assessee has debited the interest expenditure which is routed through the income and expenditure account on account of loans being transferred to the assessee's trust on behalf of the individual borrowers. Such interest has been reimbursed by Shri Dnyaneshwar Sahakari Sakhar Karkhana Ltd. It is also his submission that the allegation of the Revenue that the bank has disbursed the loans to H & T Contractor and not to the assessee's trust is factually incorrect.

20. We find some force in the above arguments of the Ld. Counsel for the assessee. A perusal of some of the loans disbursed on account of H & T advances to the assessee trust by Bank of Baroda are as under:

बैंक ऑफ़ बड़ौदा Bank of Baroda
 (प्र. का. : मांडवी, बड़ौदा H.O. : Mandvi, Baroda)
 शाखा BRANCH

Classic 10,000 Pads x 100 x 2/Nov.-03
 फार्म सं. F.No.: 317 (Gen. 13)

11/08/2020
 11/08/2020

हम यह सूचित करते हैं कि नीचे लिखे अनुसार रकम आपके खाते में जमा की गयी है।
 PLEASE NOTE WE HAVE CREDITED YOUR ACCOUNT AS FOLLOWS

रु. RS.			
₹. 1,00,00,000			

रु. RS.

शब्दों में (in words) One crores only

यान रखें कि उपरोक्त मदों में से आप के खाते में पंजीकरण प्रभार सहित अथवा बिना धृतान के लॉट आयों है, उन्हें आपति-पत्र के साथ यहाँ संलग्न किया गया है।
 Note that out of the above items since been returned. They are attached hereto together with the including registration charges.

प्रबंधक/Manager
 ईड शाखा, नरिसि शाखा प्रबंधक
 रश्मि ए. राना R. Manoj

लेखाकार/Accountant

बैंक ऑफ़ बड़ौदा **Bank of Baroda**
 (प्र. का. : मांडवी, बड़ौदा H.O. : Mandvi, Baroda)
 Bhende शाखा BRANCH

Classic 10,000 Pads x 100 x 2/Nov.-03
 फार्म सं. F.No. : 317 (Gen. 13)

कूट सं. Code No. 021106

171081 2010

हम यह सूचित करते हैं कि नीचे लिखे अनुसार रकम आपके खाते में जमा की गयी है
 PLEASE NOTE WE HAVE CREDITED YOUR ACCOUNT AS FOLLOWS

1. Amt. of HAT loan Adv.	रु. RS.			
2. disb. credited to your A/c no.				
3. 02/1106				
4.				
5.				
6.				

रकम (शब्दों में) Rupees (in words) one crore only

रु. Rs. 10000000

कृपया ध्यान रखें कि उपरोक्त मदों में से अथवा बिना भुगतान के लौट आयी है, उन्हें आपत्ति-पत्र के साथ यहां संलग्न किया गया है, आप के खाते में पंजीकरण प्रभार सहित रुपये नाम लिख दिये गये हैं।
 Please note that out of the above items have since been returned. They are attached hereto together with the objection memo. Your a/c has been debited with Rs. including registration charges.

प्रबंधक/Manager लेखाकार/Accountant

बैंक ऑफ़ बड़ौदा **Bank of Baroda**
 (प्र. का. : मांडवी, बड़ौदा H.O. : Mandvi, Baroda)
 Bhende शाखा BRANCH

Classic 10,000 Pads x 100 x 2/Nov.-03
 फार्म सं. F.No. : 317 (Gen. 13)

कूट सं. Code No. 021106

281081 2010

हम यह सूचित करते हैं कि नीचे लिखे अनुसार रकम आपके खाते में जमा की गयी है
 PLEASE NOTE WE HAVE CREDITED YOUR ACCOUNT AS FOLLOWS

Bt amt. of loan Advance	रु. RS.			
HAT loan disbursement credited to your A/c no. 02/1106				
loan A/c no. from 06/2413 - 06/2463				

रकम (शब्दों में) Rupees (in words) one crore only

रु. Rs. 10000000

कृपया ध्यान रखें कि उपरोक्त मदों में से अथवा बिना भुगतान के लौट आयी है, उन्हें आपत्ति-पत्र के साथ यहां संलग्न किया गया है, आप के खाते में पंजीकरण प्रभार सहित रुपये नाम लिख दिये गये हैं।
 Please note that out of the above items have since been returned. They are attached hereto together with the objection memo. Your a/c has been debited with Rs. including registration charges.

प्रबंधक/Manager लेखाकार/Accountant

बैंक ऑफ़ बड़ौदा **Bank of Baroda**
 (प्र. का. : मांडवी, बड़ौदा H.O. : Mandvi, Baroda)
 फार्म सं. F.No. : 317 (Gen.)

कूट सं. Code No. 02/106
 भेन्डे शाखा BRANCH

26/08/2020

हम यह सूचित करते हैं कि नीचे लिखे अनुसार रकम आपके खाते में जमा की गयी है
 PLEASE NOTE WE HAVE CREDITED YOUR ACCOUNT AS FOLLOWS

रु. RS.			
रु. RS.	8400	000	

कम (शब्दों में) Rupees (in words) Eighty-four Lacs only

कृपया ध्यान रखें कि उपरोक्त मदों में से कृपया ध्यान रखें कि उपरोक्त मदों में से क्या है, आप के खाते में पंजीकरण प्रभार सहित क्या है, आप के खाते में पंजीकरण प्रभार सहित

Please note that out of the above items Please note that out of the above items

अब बिना भुगतान के लौट आयी है, उन्हें आपत्ति-पत्र के साथ यहाँ संलग्न किया गया है, आप के खाते में पंजीकरण प्रभार सहित रुपये नाम लिख दिये गये हैं.

have since been returned. They are attached hereto together with the objection memo. Your a/c has been debited with Rs. including registration charges.

प्रबंधक/Manager लेखाकार/Accountant

बैंक ऑफ़ बड़ौदा **Bank of Baroda**
 (प्र. का. : मांडवी, बड़ौदा H.O. : Mandvi, Baroda)
 फार्म सं. F.No. : 317 (Gen. 13)

कूट सं. Code No. 02/106
 भेन्डे शाखा BRANCH

26/08/2020

हम यह सूचित करते हैं कि नीचे लिखे अनुसार रकम आपके खाते में जमा की गयी है
 PLEASE NOTE WE HAVE CREDITED YOUR ACCOUNT AS FOLLOWS

रु. RS.			
रु. RS.	9600	000	

रकम (शब्दों में) Rupees (in words) Ninty six Lacs only

कृपया ध्यान रखें कि उपरोक्त मदों में से कृपया ध्यान रखें कि उपरोक्त मदों में से क्या है, आप के खाते में पंजीकरण प्रभार सहित क्या है, आप के खाते में पंजीकरण प्रभार सहित

Please note that out of the above items Please note that out of the above items

अब बिना भुगतान के लौट आयी है, उन्हें आपत्ति-पत्र के साथ यहाँ संलग्न किया गया है, आप के खाते में पंजीकरण प्रभार सहित रुपये नाम लिख दिये गये हैं.

have since been returned. They are attached hereto together with the objection memo. Your a/c has been debited with Rs. including registration charges.

प्रबंधक/Manager लेखाकार/Accountant

बैंक ऑफ़ बड़ौदा Bank of Baroda
 (प्र. का. : मांडवी, बड़ौदा H.O. : Mandvi, Baroda)

Classic 10,000 Pads x 100 x 2/Nov.-03
 फार्म सं. F.No. : 317 (Gen. 13)

चक्र सं. 02/106
 शाखा Bhendi शाखा BRANCH

श्री. Dnyaneshwar Trust

हम यह सूचित करते हैं कि नीचे लिखे अनुसार रकम आपके खाते में जमा की गयी है
 PLEASE NOTE WE HAVE CREDITED YOUR ACCOUNT AS FOLLOWS

02/106

TO amount of HAT loan advance credited to your account as per list enclosed. amount from 06/2754 to 06/2800 = 46 All 46 All x 200000 Only

रु. RS.	
9200000	

रु. Rs. 9200000

रु. (शब्दों में) एक करोड़ बीस लाख रुपये
 Rupees (in words)

21. Similarly, we find the Indian Overseas Bank has also disbursed the loans to the trust account on behalf of the labourers , the details of which are as under:

A
620

7/7/20

इण्डियन ओवरसीज़ बैंक
 (केन्द्रीय कार्यालय : 763, अण्णा सालै, चेन्नै 600 002.)
Indian Overseas Bank
 (Central Office : 763, Anna Salai, Chennai-600 002.)

खाते में हमने निम्न प्रकार से रकम जमा की है
 SEND NOTE WE HAVE CREDITED YOUR ACCOUNT AS FOLLOWS

संवर्धनी M/s Shri. Dnyaneshwar Trust

अंत 34 लाख परसेंट

रु. Rs.	₹. P.
1600000	
1800000	
3400000	

रुपये Thirty four Lac only
 Rupees

पन्ना Folio

कृते इण्डियन ओवरसीज़ बैंक For Indian Overseas Bank

उप-प्रबंधक Dy. Manager
 प्रबंधक Manager

10062) 50,000P x 100 x 1/2, Fernun, 03/09

इण्डियन ओवरसीज़ बैंक
 (केन्द्रीय कार्यालय: 763 आन्ना सैलम, चेन्नई - 600 002)
Indian Overseas Bank
 (Central Office : 763 Anna Salai, Chennai - 600 002)

अंतरण **Advice** नकद Cash

27/7/2010

जमा करें Credit **SB-25606** शाखा Branch **A. Nagar**

Dnyaneshwar Trust

1. Amt of Bhenda loan
 vid DT. 23.7.10
 821000118 to
 321000167.

₹. Rs.	₹. P.
5000000	-
5000000	-
10000000	-

Rupees **₹. 10000000/-**

पन्ना Folio

कृते इण्डियन ओवरसीज़ बैंक For Indian Overseas Bank

उप-प्रबंधक Dy. Manager

प्रबंधक Manager

22. We find the terms and conditions of IDBI Bank while sanctioning the advances to H & T Contractor through the assessee's trust, are as under:

APC /Pune/2010/ 569

July 19, 2010

IDBI B.
 इंडस्ट्रियल डेवलपमेंट बैंक लिमिटेड
 Industrial Development Bank of India
 UB - SBI

In duplicate

The Chairman,
 Shri Dnyaneshwar Sahakari Sakhar Karkhana Ltd.
 Dnyaneshwarnagar, Post - Bhende S. K. - 414 605,
 Taluka - Newasa, Dist - Ahmednagar,
 Maharashtra

And

The Chairman,
 Shri Dnyaneshwar Trust,
 Dnyaneshwarnagar,
 Post - Bhende S. K. - 414 605,
 Taluka - Newasa,
 Dist - Ahmednagar (Maharashtra)

Dear Sir,

Sanction of financial assistance of Rs. 15.00 Cr

Please refer to your application and the subsequent discussions your representative had with us regarding financial assistance/credit facilities. The proposal has been considered and IDBI Bank Ltd is agreeable, in principle, to grant you Short Term Loan of Rs. 15.00 crore (Rupees Fifteen crore only) for advance payment to Harvesting and Transport contractors.

Sl No.	Type	Limit Sanctioned (Rs. crore)	Purpose
1.	STL - H & T loan	15.00	Advances to Harvest & Transport Contractors for crushing season of 2010-11.

2. The aforesaid financial assistance is subject to the normal terms and conditions contained in the Loan/Facility Agreement and the terms and conditions set out in **Appendix-I** hereto. This letter shall form an integral part of the Loan/Facility Agreement to be entered into by you with IDBI Bank Ltd.

पुणे झोमन ऑफिस: नवी पेठ, लाकडवाडार शाखी रोड, पुणे-४११०३० फोन: २४३३५९९९ / २०/२१ फॅक्स: २४३३५९२२
 Pune Zonal Office: No. 20, Peth - Sakhar, Sakhar Road, Pune-411030 Phone: 24335919/20/21, Fax: 24335922
 E-mail: Pune.Zonal@idbi.com Website: www.idbi.com

राज्य. ऑफिस: आईडीबीआई टॉवर, डब्ल्यूटीसी कॉम्प्लेक्स, कफा पार, मुंबई ४०० ००५ वेबसाईट: www.idbi.com
 Regd. Office: IDBI Tower, WTC Complex, Cuffe Parade, Mumbai 400 005. Website: www.idbi.com

APPENDIX I	
(Terms and conditions of the financial assistance)	
A. Nature of facility	STL - H & T Loan
B. Loan Amount	Rs. 15.00 crore (Rupees Fifteen crore only).
C. Purpose	Advances to H & T Contractors for cane harvesting & transportation for crushing season 2010-11
D. Rate of Interest	BBR plus 200 bps (Base rate at present is 8.00 %) with yearly rest
E. Margin	Nil
F. Tenure	Up to June, 2011
G. Repayment	On or before June 30, 2011
H. Security	
Primary	Nil
Collateral	Nil
Guarantees	Default Payment Guarantee of SDSSKL.
Other	Post dated cheques
I. Processing fee	Nil
J. Other charges	Legal charges, documentation and out of pocket charges at actual to be borne by the SSK.
K. Liquidated damages	A charge of 2% p.a over and above the applicable interest rate by way of liquidated damages will be levied for defaults in principal, interest and other moneys payable under the facility agreement. Arrears of liquidated damages will also carry interest at the applicable rate for loan
L. Additional Interest	Disbursements made pending creation of final security as stipulated herein below, shall carry additional interest @ 1% per annum (plus interest tax, if applicable) from the date of first disbursement of the financial assistance till creation of such security.
M. Pre-disbursement	Documents <ul style="list-style-type: none"> i) Accepted Sanction Letter ii) Execution of Loan Agreement

	<ul style="list-style-type: none"> iii) Demand Promissory Note iv) Default payment guarantee agreement v) Undertaking to utilize funds for the purpose specified. vi) Board Resolution of Shri Dnyaneshwar Trust for availing the loan vii) Board Resolution of Shri Dnyaneshwar Sahakari Sakhar Karkhana Ltd for providing default payment guarantee viii) The list of H & T contractors and their agreement with Shri Dnyaneshwar Trust. ix) Agreement between Shri Dnyaneshwar Sahakari Sakhar Karkhana Ltd and Shri Dnyaneshwar Trust x) Stamped receipts xi) Post Dated Cheques
N. Modus operandi of the scheme	<ul style="list-style-type: none"> > The H&T arrangement will be managed by Shri Dyneshwar Trust, a no profit, no gain institution promoted for the management as well as betterment of labours involved in the activity. > There will be agreement between Shri Dnyaneshwar Sahakari Sakhar Karkhana Ltd and Shri Dnyaneshwar trust wherein the SSK will entrust work of engagement of groups, management of H&T arrangement; ensure payment, advances percolated up to the labour by conducting surveys to trust on behalf of Shri Dnyaneshwar Sahakari Sakhar Karkhana Ltd. > The trust will enter into agreement with individual contractor for H & T and inform the Bank. The loan will be disbursed to Shri Dnyaneshwar Trust on the basis of contracts executed between trust & individual contractors under the DPG of Shri Dnyaneshwar Sahakari Sakhar Karkhana Ltd. > The SSK/trust will recover the advance from the fortnightly bills payable to the H & T contractor on priority basis and credit to the loan account on ongoing basis or pay the same on or



before due date.

i) The firm shall undertake to the satisfaction of IDBI, that during the currency of the assistance:

a) Not escrow its cash flows

b) The Karkhana to comply with all statutory permission for availing the loan.

c) Other normal terms and conditions as may be stipulated by the bank.

d) The SSK/trust is to recover the amount of advance from the bill payable to H & T contractors on priority basis and submit letter of undertaking to do so by obtaining irrevocable letter of undertaking from the H & T contractors.

ii) The SSK/trust is to ensure the opening of the current/ saving accounts of H & T contractors covered under the loan with IDBI Bank Ltd.


iii) In the event of default in performance of any of the aforesaid covenants, IDBI shall have the right to review the facilities including stipulation of additional security and other terms and conditions.

iv) Interest, commission and other charges are subject to variations as may be notified by IDBI from time to time in accordance with utilization level and IDBI's usual practices.

v) The Borrower understands that as a pre-condition, relating to grant of the loans/advances/other non-fund-based credit facilities provided to the Borrower, the Lender requires the Borrower's consent for the disclosure by the Lender of, information and data relating to the Borrower, of the credit facility availed of / to be availed of, by the Borrower, obligations assumed / to be assumed, by the Borrower, in relation thereto and default, if any, committed by the Borrower, in discharge thereof.

vi) Accordingly, the Borrower hereby agrees and gives its consent for the disclosure by the Lender all or any such information and data

6



c

relating to the Borrower including the information or data relating to any credit facility availed of / to be availed of, by the Borrower and default, if any, committed by the Borrower, in discharge of the Borrower's such obligation as the Lender may deem appropriate and necessary, to disclose and furnish to Credit Information Bureau (India) Limited (CIBIL) or any other agency authorised in this behalf by RBI.

vii) The Borrower hereby declares that the information and data furnished by the Borrower to the Lender are true and correct.

viii) The Borrower undertakes that:

- a) CIBIL and / or any other agency so authorised may use, process the said information and data disclosed by the Lender in the manner as deemed fit by it; and
- b) CIBIL and / or any other agency so authorised may furnish for consideration, the processed information and data or products thereof prepared by them, to banks/financial institutions and other credit grantors or registered users, as may be specified by RBI in this behalf.

ix) Without prejudice to the end use of the said loan as stated herein, the Borrower shall not grant to its subsidiary/ associate company(s), without the prior approval of the Board of Directors and IDBI Ltd., interest free loans or loans at the rate of interests lower than at which the Borrower has borrowed funds from IDBI Ltd., or any other bank/financial institution.

Touft

