

**IN THE INCOME TAX APPELLATE TRIBUNAL
“A” BENCH, AHMEDABAD**

BEFORE: SHRI SANJAY GARG, JUDICIAL MEMBER

AND

SMT. ANNAPURNA GUPTA, ACCOUNTANT MEMBER

आयकर अपील सं./I.T.A. No. 715/Ahd/2025

A/w.

CROSS OBJECTION No. 88/Ahd/2025

(निर्धारण वर्ष / Assessment Year : 2010-11)

DCIT Circle -4(1)(1), Ahmedabad	बनाम/ Vs.	Sintex Industries Ltd. 7 th Floor, Abhijit-1 Building, Mithakhali Six Roads, Ellisbridge, Navrangpura H.O., Ahmedabad City, Ahmedabad, Gujarat - 380009
Sintex Industries Ltd. Lower Ground Floor, Acropolis Mall, Nr. Thaltej Metro Station Entry Gate, Thaltej, S. G. Highway, Ahmedabad, Gujarat - 380054	&	DCIT Circle -4(1)(1), Ahmedabad
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No. : AADCS0858E		
(Appellant / Cross Objector)	..	(Respondent)

Assessee by :	Shri S N Soparkar, Sr. Advocate & Ukti Shah, A.R.
Revenue by :	Shri Alpesh Parmar, CIT. DR

Date of Hearing	20/01/2026
Date of Pronouncement	25/02/2026

(आदेश)/ORDER

PER ANNAPURNA GUPTA, AM:

The present appeal filed by the Revenue and Cross objection of the assessee lie against the order of the Ld. Commissioner of

Income Tax (Appeals), National Faceless Appeal Centre (hereinafter referred to as “NFAC”), Delhi (hereinafter referred to as “CIT(A)”) dated 01.01.2025 passed under Section 250 of the Income Tax Act, 1961 (hereinafter referred to as the “Act”) and relates to Assessment Year (A.Y.) 2010-11.

2. The brief facts relating to the case are that the case of the assessee was reopened in terms of the provisions of section 147 of the Act finding the assessee to have been allowed excess claim of deduction u/s.80IC of the Act. The assessee was entitled to deduction u/s.80IC of the Act in respect of its Baddi Unit and was noted to have claimed deduction @100% of profits of the said unit after the expiry of five years since the claim was first made by the assessee, on account of substantial expansion undertaken in the said unit. As per the AO, in terms of the provisions of law, the entitlement to claim of 100% deduction of profits was only for 5 years and for the next 5 years the assessee was eligible to claim deduction of profits @30%, irrespective of the fact whether it had carried out substantial expansion. The AO accordingly held the assessee to have claimed excess deduction of profits of its Baddi Unit u/s 80 IC of the Act and, accordingly, passed order u/s 147 of the Act reducing the deduction claimed by the assessee from 100% to 30% of profits, resulting in addition being made to the tune of Rs.59,57,39,492/- to the income of the assessee.

3. The assessee carried the matter in appeal before the Ld. CIT(A) challenging the validity of the assessment framed u/s.147 of the Act as also the disallowance made of deduction u/s.80IC of

the Act. The Ld. CIT(A) dismissed the legal ground raised by the assessee. On merits, however, he found that the issue stood settled in favour of the assessee by the decision of the Hon'ble Apex Court in the case of PCIT Vs. Aarham Softronics [2019] 102 taxmann.com 343 (SC), noting the Hon'ble Apex Court to have categorically held that on substantial expansion the entitlement to claim of deduction u/s 80-IC of the Act was 100% of the profit even after the expiry of initial 5 years of claim of deduction. Noting so, the Ld. CIT(A) deleted the addition made to the income of the assessee of alleged excess deduction claimed u/s.80IC of the Act amounting to Rs.59,53,16,925/-.

4. Aggrieved by the same, the Revenue has come up in appeal before us challenging the order of the Ld.CIT(A) deleting disallowance made by the AO of alleged excess deduction claimed by the assessee u/s 80-IC of the Act, raising the following grounds:

- “(a) The Ld. CIT(A) has erred in allowing the assessee's claim of 100% deduction under Section 80IC despite the fact that a second substantial expansion does not entitle the unit to a fresh period of 100% deduction as per the provisions of the Act and judicial precedents including CIT v. Classic Binding Industries (supra).*
- (b) The Ld. CIT(A) erred in applying the decision in Pr. CIT v. Aarham Softronics (supra) as the said ruling does not support the claim of 100% deduction on a subsequent expansion after already availing 100% deduction for an earlier period.*
- (c) The Ld. CIT(A) failed to appreciate that dropping of proceedings under Section 263 does not validate the assessee's claim under reassessment proceedings under Section 147, which has independently examined the allowability of the deduction under law.*

- (d) *The Ld. CIT(A) did not consider the legal principle that exemptions and deductions are to be strictly interpreted, and there is no scope for granting multiple "initial assessment years for the same unit under Section 801C, as reaffirmed by the Hon'ble Supreme Court in CIT v. Dilip Kumar & Co. (2018) 9 SCC 1).*
- (e) *The appellant craves leave to add, alter and/or to amend all or any the ground before the final hearing of the appeal."*

5. While the assessee had filed cross objection challenging the order of the Ld. CIT(A) dismissing the legal ground raised by it. The assessee has raised the following grounds before us in its Cross Objection:

- "1. *On the facts and circumstances of the case and in law, the learned CIT(A) Erred in confirming reopening of assessment though the same is bad in law.*
2. *The appellant craves leave to add, to amend, vary or alter including by substitution the grounds of objections as they or their representatives may think fit at any time before or during the hearing of the above appeal."*

6. Taking up first the appeal of the Revenue in **ITA No.715/Ahd/2025**, admittedly the Ld. CIT(A) has held the assessee eligible to claim of 100% deduction of its profit u/s 80IC of the Act in the impugned year , i.e after the expiry of initial 5 years period of claim of 100% deduction, noting that the assessee had carried out substantial expansion and following the decision of the Hon'ble Apex Court in the case of Arham Softronics (supra) which had interpreted the provision of Section 80IC of the Act to hold that substantial expansion would entitle assessee's to claim deduction 100% of its profit even after the expiry of the initial period of 5 years of claim of 100% deduction of profit. The

Ld.CIT(A) further noted that revisionary proceedings initiated in the case of the assessee u/s 263 of the Act in subsequent assessment year, i.e. A.Y. 2011-12, on the same issue had been dropped. And noting so he deleted the disallowance made by the AO. His findings in this regard are as under:

“Further, in the appellant’s own case, proceeding initiated for AY 2011-12 by the Jurisdictional CIT u/s 263 of the Act on the same issue was dropped vide order dated 30.03.2019.

Accordingly, based on the Apex Court decision in the case of Aarham Softronics, 412 ITR 623(SC)/102 taxmann.com 343 and relying on the precedent available in the Appellant’s own case and other judicial Judgement relied upon by the Appellant, I direct the AO to allow the deduction to the Appellant u/s 80-IC of the Act @ 100% of the eligible profits and gains of the Baddi Unit w.r.t the second substantial expansion. Accordingly, Grounds No. 3, 4, and 5 of the appeal are allowed.”

7. Before us, the Ld. DR fairly submitted that the issue of claim of 100% deduction of substantial expansion u/s.80IC of the Act stood settled by the decision of the Hon’ble Apex Court in the case of Aarham Softronics (supra). He was unable to point out any distinguishing fact before us. In the light of the same, we see no reason to interfere in the order of the Ld. CIT(A) who has rightly held the assessee entitled to claim deduction of 100% of its profit on substantial expansion carried out by it in its eligible unit in Baddi, even after the expiry of 5 years of claim of 100% deduction of profits u/s.80IC of the Act, following the law laid down by the Hon’ble Apex Court in this regard in the case of Aarham Softronics (supra).

7.1 Grounds raised by the Revenue are accordingly dismissed.

8. The appeal filed by the Revenue is dismissed.
9. Since the proposition of law involved in the issue relating to the merits of the case stands conclusively decided in favour of the assessee by the Hon'ble apex court, as noted above, the legal grounds raised by the assessee challenging the validity of the assessment framed, in its CO filed before us, are mere academic in nature and are therefore not being dealt with by us at this stage. The legal issues raised are left open with liberty granted to the assessee to raise the said grounds at the appropriate juncture. The CO of the assessee is accordingly dismissed as infuctuous.
10. In the combined result, both the appeal filed by the Revenue and Cross Objection filed by the assessee is dismissed.

This Order pronounced on 25/02/2026

Sd/-
(SANJAY GARG)
JUDICIAL MEMBER

Ahmedabad; Dated 25/02/2026

S. K. SINHA

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आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad