

**IN THE INCOME TAX APPELLATE TRIBUNAL
"D" BENCH, AHMEDABAD**

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
SHRI T.R. SENTHIL KUMAR, JUDICIAL MEMBER**

I.T.A. Nos. 102 & 366/Ahd/2022
(Assessment Year: 2017-18 & 2018-19)

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| Roquette India Pvt. Ltd., 3 rd Floor, Oberoi Commerz II, International Business Park, Oberoi Garden City, Goregaon East, Goregaon East S.O., Mumbai-400063 [PAN : AAFCR 2758 G] | Vs. | Assistant/Deputy Commissioner of Income-Tax, Circle 3(1)(1), Ahmedabad |
| (Appellant) | .. | (Respondent) |
| Assessee by : | Shri Dhanesh Bafna & Shri Amol Mahajan, ARs | |
| Revenue by: | Shri Sher Singh, CIT-DR | |
| Date of Hearing | 17.03.2026 | |
| Date of Pronouncement | 27.05.2026 | |

ORDER

PER DR. B.R.R. KUMAR, VICE-PRESIDENT :

By way of these appeals, the assessee-appellant has challenged correctness of the order dated 22nd February 2022 and 31st July 2022 passed by the Assessing Officer under section 143(3) r.w.s. 144C(13) r.w.s. 144B of the Income Tax Act, 1961 ["the Act" in short], for the Assessment Years 2017-18 & 2018-19, respectively.

2. Since common issues are involved in both the appeals, the same were heard together and are being disposed of by way of this consolidated order for the sake of convenience. ITA No.102/Ahd/2022 for AY 2017-18 is treated as the lead case.

3. The assessee has raised following grounds of appeal :-

"1. Ground No. 1: General

On the facts and circumstances of the case and in law, the Ld. National Faceless Assessment Centre ('NFAC', 'AO') under the directions of the Hon'ble Dispute Resolution Panel-2, Mumbai ('DRP'), has erred in making a transfer pricing adjustment of Rs. 24,37,68,967 in relation to the international transaction to

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receipt of central corporate services ('CCA'), global business unit ('GBU') and IT services (collectively referred as 'intra-group service charges').

The Appellant prays that the transfer pricing adjustment of Rs. 24,37,68,967 be deleted in total.

2. Ground No. 2: Transfer Pricing Adjustment related to payment of intra-group services

On the facts and in the circumstances of the case and in law, the Hon'ble DRP / Ld. AO and Learned Transfer Pricing Officer ('Ld. TPO'), erred in determining the arm's length price ('ALP') of the international transactions pertaining to payment for intra-group service charges by the Appellant to its associated enterprises ('AEs') as 'Nil' as against Rs. 24,37,68,967 and in doing so, has grossly erred in following:

2.1 disregarding the transfer pricing documentation, agreements and documentary evidences submitted (in form of email communications with AEs) by the Appellant to substantiate the needs of the intra-group services, receipt of services and benefits arising therefrom;

2.2 holding that no services have been rendered by the AEs to the Appellant without any basis;

2.3 questioning the commercial rationale and expediency of the appellant in availing the services from the Associated Enterprise.

2.4 exceeding the jurisdiction in applying the benefit test to the payment of intra-group services;

2.5 disregarding the cost allocation details by holding that the cost allocation details provided are for calendar year and not financial year, includes the cost for the period January to March 2016 and disregarding the basis of discounting factor;

2.6 Held that the intra-group service charges are mere allocation of cost and does not warrant any mark-up on it;

2.7 in observing that the payment of intra-group services in dispute overlaps with the payment of royalties on technology and therefore are not required to be paid separately to the AEs;

2.8 disregarding the benchmarking analysis conducted by the Appellant without providing any cogent reasons of rejection; and

2.9 not appreciating that the ALP of the international transaction cannot be determined at NIL.

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The Appellant prays that the transfer pricing analysis conducted by the Appellant in the TP study pertaining to international transaction of receipt of intra-group services ought to be accepted and the addition made by the Ld. AO in relation to the said services be deleted.

3-Ground No. 3: Short grant of interest under section 244A

On the facts and circumstances of the case and in law, the Ld. AO erred in granting short interest of INR 4.58,992 on refund under provisions of Section 244A of the Act.”

4. The brief facts of the case are that the assessee-company is a wholly owned subsidiary of Roquette Freres S.A., France, engaged in the business of manufacturing starch derivatives, glucose, maltodextrins and related products from its manufacturing units located in India. The Assessing Officer made a reference to the Transfer Pricing Officer (TPO) u/s 92CA of the Act in respect of international transactions with Associated Enterprises. The TPO proposed adjustment by determining the Arm's Length Price (ALP) of intra-group services received by the assessee at NIL, comprising Central Corporate and Area (CCA) services, Global Business Unit (GBU) services, and Information Technology (IT) services. For AY 2017-18, the details of the impugned international transactions are as under:-

| Sr. No. | Nature of the international transaction under dispute | Amount in INR |
|---------|---|---------------|
| 1 | Receipt of Central corporate and area (CCA) services | 19,95,61,509 |
| 2 | Receipt of Global Business Unit (GBU) services | 1,62,97,255 |
| 3 | Receipt of Information Technology (IT) services | 2,79,10,203 |
| | Total | 24,37,68,967 |

For AY 2018-19, the aggregate value of the aforesaid transactions amounted to Rs. 25,32,39,447/-.

4.1 The Assessing Officer, in the draft assessment orders, also made disallowances on account of salary, contractor and professional expenses on the ground of non-deduction of TDS. The Dispute Resolution Panel (DRP), granted partial relief by deleting

certain disallowances relating to salary expenses but upheld the TP adjustments. The final assessment was completed accordingly, resulting in addition of transfer pricing adjustment for both years under appeal.

5. Aggrieved by the order of the Assessing Officer, the assessee is now in appeal before the Tribunal.

I. Transfer Pricing Adjustment

6. The Ld. AR submitted that the assessee had received intra-group services from its Associated Enterprises, namely CCA services, GBU services and IT services, for which detailed agreements were executed and contemporaneous documentation was maintained. It was submitted that the services were actually rendered and duly consumed by the assessee in its business operations. The Ld. AR submitted that the assessee furnished extensive evidence including service agreements, emails, presentations, allocation keys, cost allocation certificates, and independent audit certificates supporting the receipt and quantification of services before the lower authorities and contended that the documentary evidences clearly established the receipt and benefit of services. The Ld. AR contended that the TPO erred in determining the ALP of services at NIL on the basis of lack of benefit without appreciating commercial expediency and business necessity. It was further submitted that the DRP itself had accepted in principle that services were rendered, and therefore the ALP adjustment was unsustainable. It was also argued that once receipt of services is established, the TPO cannot question the quantum of benefit derived by the assessee, and the arm's length price cannot be substituted at NIL. Reliance was placed on the following judicial precedents to contend that ALP cannot be determined at NIL merely on subjective perception of benefit.

- (i) CIT vs. EKL Appliances Ltd. (ITA No. 1068 & 1070 of 2011) (Del HC);
- (ii) Tudor India Pvt. Ltd. [2019] 111 taxmann.com 450 (Guj.);

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- (iii) Denso Haryana Pvt. Ltd. (ITA No. 3811/Del/2017 (Delhi Trib.).
- (iv) IAC International Automotive India Pvt. Ltd. [2025] 176 taxmann.com 263 (Pune Trib.) ; and
- (v) CRM Services India Pvt. Ltd. [2024] 161 taxmann.com 508 (Delhi Trib.)

7. The Ld. DR supported the orders of the lower authorities and submitted that the assessee failed to demonstrate tangible benefit from the services and that the evidences furnished were general in nature without establishing specific rendition. The Ld. DR also submitted that in the absence of proper cost allocation justification and evidence of independent third-party benefit, the TPO was justified in determining ALP at NIL. Reliance was placed on the reasoning that no independent enterprise would pay for such services in absence of demonstrable benefit. The Ld. DR also submitted that the assessee had not satisfactorily discharged the onus of proving that services were actually received and were not duplicative or shareholder in nature. The Ld. DR, vide his submission dated 06.08.2025, submitted that the assessee had entered into various agreements for which it had claimed expenses during the relevant assessment year. The principal agreements relied upon by the assessee were tabulated by the Ld. DR as under:

AY 2018-19:-

| 1 | 2 | 3 | 4 | 5 |
|--------|--------------------------------------|--|--|--|
| S. No. | Nature of the agreements | Expenditure claimed on account of this agreements (in Rs.) | Date of executing the agreement | Date from which agreement made effective / effective date |
| 1 | Central Corporate Service Agreements | 19,86,275,25/- | This agreement is mentioned to be made on December-14, 2016, and it is said that it shall be effective from January-01, 2016 | Since this agreement is mentioned to be effective from a past date i.e. retrospectively, therefore this agreement is not an enforceable agreement, since no one can go back in time, and there cannot be any proposal in the past & so can also not be any acceptance of proposal. Thus this agreement is void agreement <i>ab initio</i> . Therefore, any transactions done before the date of execution of this agreement are not valid. The |

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| | | | | agreement is a self-serving document created only for mutual tax benefits. Such agreements are no agreements in the eyes of law since are back dated. |
| 2 | Agreement of Provisioning of IT Services | 3,61,25,100 | This agreement to take retrospective effect from April 1st 2014 (page no 525 Article-1 & 2) & it shall continue until 31-Dec-2015) | This agreement started & also ended in the past AYs; hence this agreement is not valid for the AY in reference & it's a void agreement since not relevant to the time period under consideration. |
| 3 | Global Business Unit (GBU) Services Agreements | 1,84,86,820/- | This agreement is recorded to be made on January, 1, 2016 (effective date) and shall remain in effect for a period of 12 months (para 6.1, Page 234). There is no mention of date of signing of this agreement and also there is NO mention of the effective date. Therefore this agreement is not executable agreement | (1) Since, there is no mention of date of signing of this agreement and also there is NO mention of the effective date. Therefore this agreement is not executable agreement. Thus No benefits canaries to the assessee from this agreement. (2) As the validity period of this agreement had already expired in January, 2017 therefore, this agreement does not have any consequences for the A.Y. in reference. |
| | Total Rs. | 25,32,39,447/- | | |

The Ld. DR submitted that the aforesaid agreements suffered from various deficiencies such as retrospective operation, absence of registration/stamping in certain cases, and lack of independent corroborative evidence, and therefore according to the Revenue, the same lacked sufficient evidentiary value for substantiating the claim of intra-group service expenditure.

8. We have carefully considered the rival submissions and perused the material available on record. The primary issue for consideration is whether the TPO was justified in determining the ALP of intra-group services at NIL despite existence of agreements and supporting documentation. We observe that the assessee has placed on record detailed service agreements, allocation keys, cost pool workings, and

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contemporaneous evidence such as emails, presentations, and independent audit certificates to demonstrate actual receipt of services. The assessee has also explained the need, nature and utilization of services in its business operations. Once the existence of services and their receipt is demonstrated, the ALP cannot be determined at NIL merely on subjective perception of benefit. We further note that the DRP has also accepted that services were rendered, though it upheld the TP adjustment without adequate reasoning to disregard the detailed evidences furnished by the assessee. In view of the comprehensive documentation on record, especially from page No. 531 to 813 and 948 to 998 of the paper-book demonstrating the entire details of services rendered and the payments thereof, and in absence of any cogent material brought by the Revenue to disprove the rendering of services, we are of the considered view that the approach adopted by the TPO in determining ALP at NIL cannot be sustained. Accordingly, the transfer pricing adjustment made in respect of CCA, GBU and IT services is directed to be deleted for both assessment years.

II. Disallowance u/s 37(1) of the Act (AY 2018-19)

9. The assessee has challenged the disallowance made u/s 37(1) of the Act in respect of intra-group service charges. We find that the sole basis for the Assessing Officer to make the disallowance u/s 37 of the Act is on account of the observations of the TPO determining that no services have been availed by the assessee. The Ld. AR submitted that once the intra-group services have been held to be rendered, the disallowance u/s 37 of the Act ought to be deleted based on the principles of commercial expediency.

9.1 We find that the said disallowance is consequential to the TP adjustment wherein the services were treated as not having been received. Since we have already held that the services were actually rendered and the TP adjustment itself is deleted, the basis for disallowance under section 37(1) no longer survives. Accordingly, the disallowance made u/s 37(1) of the Act is directed to be deleted.

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Interest under Section 244A

10. The assessee has also raised grounds relating to short grant of interest under section 244A of the Act. The Assessing Officer is directed to verify the computation and grant interest in accordance with law up to the date of actual refund, if any.

11. In the result, both the appeals of the assessee are allowed in terms indicated hereinabove.

The order is pronounced in the open Court on 27.05.2026

Sd/-

**(T.R. SENTHIL KUMAR)
JUDICIAL MEMBER**

Ahmedabad; Dated 27/05/2026

**btk

Sd/-

**(DR. B.R.R. KUMAR)
VICE-PRESIDENT**

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.

True Copy

आदेशानुसार/ BY ORDER,

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