$~27

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

\# **CNR No. DLHC010361132019**

\+ ITA 802/2019

THE PR. COMMISSIONER OF INCOME TAX -3
.....Appellant

Through: Mr. Puneet Rai, SSC with Mr.Ashvini Kr. & Mr. Rishabh Nangia, JSCs

versus

ESCORTS LTD. .....Respondent

Through: Mr. Simran Mehta, Adv.

CORAM:
HON'BLE MR. JUSTICE DINESH MEHTA
HON'BLE MR. JUSTICE RAJNEESH KUMAR GUPTA

ORDER

% **05.08.2026**

1. By way of the present appeal preferred under Section 260A of the Income Tax Act, 1961, against the order dated 06.03.2019 passed by the Income Tax Appellate Tribunal, Delhi Bench 'B', New Delhi, the appellant/Department has proposed substantial questions of law, which are reproduced hereunder:

> *2.1 Whether the ITAT is correct in law and in fact in deleting the proportionate disallowance of interest amounting to Rs.13,52,00,000/- vis-a-vis amounts advanced to two group companies namely Escorts Construction Equipment Ltd. and Escotel Mobile Communications Ltd.?*
>
> *2.2 Whether the ITAT is correct in law and in facts in deleting of proportionate disallowance of a sum of Rs.72,32,00,000/- out of interest paid during the year under consideration?*

> *2.3 Whether the ITAT is correct in law and in fact in deleting the disallowance of Rs.32,00,000/-made on account of the upfront fees paid to the bank?*
>
> *2.4 Whether the ITAT is correct in law in and in fact in deleting of disallowance to Rs.35,75,330/- on account of proto-type development ignoring that such expenditure imparted a benefit of enduring nature and as such was of capital nature?*
>
> *2.5 Whether the ITAT is correct in law and in fact that deleting of disallowance on account of professional charges having been incurred to the tune of Rs.7,92,67,976/- on various projects?*

2. So far as question nos.2.1 & 2.4 are concerned, the same have been decided against the Department by this Court vide its order dated 27.04.2026 passed in the case of respondent/assessee itself i.e., **ITA 1427/2006** titled ***C.I.T. vs. M/s Escorts Ltd.***.

3. So far as question no.2.3 is concerned, the same has been decided against the Department in assessee's own case i.e., **ITA 800/2019** titled ***The Pr. Commissioner of Income Tax -3 vs Escorts Ltd***., which we have decided today i.e. 05.08.2026 by a separate order.

4. The issue in question no. 2.5 relates to the professional charges paid for various projects. This issue is essentially a question of fact, which both the Appellate Authorities have found in favour of the assessee. No perversity has been pointed out. We are not inclined to interfere in the concurrent findings of fact recorded by the Appellate Authorities.

5. The appeal qua question nos.2.1, 2.3, 2.4 & 2.5 is, therefore, dismissed.

6. In relation to question no.2.2, Mr. Mehta, learned counsel for the respondent/assessee, submitted that the question, as proposed by the

Revenue, is factually incorrect, inasmuch as the assessee had not given any interest free loan to its subsidiary it was an investment in the shares of the subsidiary company, which the assessee had made. And the funds which the assessee company had invested were its self-generated funds and not borrowed fund.

7. Mr. Rai, learned senior standing counsel for the appellant/Revenue, prays for and is granted a week's time to go through the record in light of above submissions.

8. List this case only for consideration of question no.2.2, on 13.08.2026.

DINESH MEHTA, J

RAJNEESH KUMAR GUPTA, J

AUGUST 5, 2026
kk