

The Pr. Commissioner of Income Tax - Central-1 v. Shahi Exports Pvt. Ltd.

ITA 369/2026 & CM APPL. 30855/2026, CM APPL. 30856/2026

ITA 369/2026 (Del HC, decided 08.05.2026) | 2026-05-08

Section 80-IA(8) read with section 92F specified domestic transaction: market value / ALP of captive power supplied to manufacturing units must be benchmarked against State Electricity Board (SEB) industrial consumer tariff, not volatile 15-minute spot rates on IEX.

Income-tax Act, 1961: sections 80-IA(8), 92C, 92F and 260A

High Court of Delhi | 2-judge bench (Division Bench) | Dinesh Mehta, J. | Amit Mahajan, J.

Assessment years: 2021-22

Applies Jindal Steel and Power (SC) and DCM Shriram (Del HC) to post-SDT captive power benchmarking under section 80-IA(8) read with section 92F

The Division Bench affirmed that even in a transfer pricing / CUP analysis of specified domestic transactions under section 80-IA(8) read with section 92F, short-term 15-minute slot bidding for surplus electricity on the Indian Energy Exchange (IEX) is functionally incomparable to continuous, metered industrial power supply from a State Electricity Board (SEB) or distribution licensee.

01 FACTS OF THE CASE

For AY 2021-22, the Assessing Officer / TPO made a transfer pricing adjustment of Rs. 33,59,64,275 in respect of transfer of power from the captive power generating units of the assessee, Shahi Exports Pvt. Ltd., to its other manufacturing units under section 80-IA(8) read with section 92F. Following the Delhi High Court judgment dated 21.01.2025 in Principal Commissioner of Income-tax v. DCM Shriram Ltd., (2025) 478 ITR 385, the ITAT New Delhi 'H' Bench (order dated 27.06.2025) deleted the Rs. 33,59,64,275 adjustment. The Revenue appealed under section 260A.

Source: [Paragraphs 1-3; PDF pp. 1-2](#)

02 DISCUSSION BY THE HON'BLE COURT

Senior Standing Counsel for the Revenue conceded that the facts of the case could not be distinguished from the binding coordinate-bench decision in *PCIT v. DCM Shriram Ltd.*, (2025) 478 ITR 385 (Del), which in turn applied the Supreme Court decision in *CIT v. Jindal Steel and Power Ltd.* Extracting paragraphs 43-61 of *DCM Shriram Ltd.* in extenso, the Division Bench reiterated that: (1) Under the CUP method, transactions on the Indian Energy Exchange (IEX)—which involve advance 15-minute slot bidding for volatile, unpredictable surplus power paid on a 'power bid/supplied' basis rather than actual metered consumption—are materially dissimilar to uninterrupted industrial power supply; and (2) Under Explanation to section 80-IA(8) as interpreted by the Supreme Court in *Jindal Steel and Power Ltd.*, the 'open market' value of electricity supplied by a captive power plant to the assessee's own industrial units is the retail tariff rate at which the State Electricity Board (SEB) / distribution company supplies electricity to industrial consumers in that region.

Source: [Paragraphs 3-4; PDF pp. 1-8](#)

03 JUDICIAL DECISION

Following *PCIT v. DCM Shriram Ltd.*, (2025) 478 ITR 385 (Del) and *CIT v. Jindal Steel and Power Ltd.* (SC), the High Court dismissed ITA 369/2026 along with pending applications.

Source: [Paragraphs 4-5; PDF p. 8](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee (Shahi Exports Pvt. Ltd.). The Revenue's appeal was dismissed and the deletion of the Rs. 33,59,64,275 captive-power transfer pricing adjustment for AY 2021-22 stood affirmed.

Source: [Paragraphs 4-5; PDF p. 8](#)

05 AKHB REVIEW POINT

AKHB analysis: in Form 3CEB and transfer pricing documentation for section 80-IA captive power units, benchmark inter-unit power transfers under CUP using the monthly electricity bills issued by the jurisdictional State DISCOM/SEB to the consuming industrial unit (landed energy charge per kWh), and explicitly document why IEX 15-minute spot-market bids fail Rule 10B(1)(a) comparability.

Source: [AKHB analysis based on paragraphs 2-5 / PDF pp. 1-8](#)

SOURCE & VERIFICATION

[Delhi High Court official digital order PDF - AKHB Cloud Repository](#)

Eight-page official Delhi High Court order PDF in ITA 369/2026; paragraphs 1-5 span PDF pages 1-8.

Supplied source-reviewed note retained; original bytes and identity validation checked in this release. Substantive re-review is not claimed for this record.

Open cited source rendition

Full 8-page official Delhi High Court PDF read and verified. Original bytes match SHA-256 065ba2f12740c07d42b7b3c8ad523e2c82afe1be7886b7956c005ee269093041.

STATUTORY SCOPE

Applies section 80-IA(8) read with section 92F of the Income-tax Act, 1961 for AY 2021-22. Income-tax Act, 2025 equivalence is not verified.

LATER TREATMENT

Source checked 2026-10-17. Full judgment checked. Follows PCIT v. DCM Shriram Ltd., (2025) 478 ITR 385 (Del) and CIT v. Jindal Steel and Power Ltd. (SC). Comprehensive subsequent judicial treatment has not been verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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