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

Captive-power transfer pricing: Revenue could not distinguish DCM Shriram; appeal against relief on the Rs.33,59,64,275 adjustment dismissed.

Income-tax Act, 1961: sections 80-IA(8) and 92F; CUP comparability

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

Assessment years: 2021-22

Covered decision; quoted examples belong to earlier cases

The Court dismissed Revenue's appeal because counsel could not distinguish DCM Shriram. The UPPCL, Gujarat/Rajasthan and Jindal Steel tariff figures in the quotation must not be presented as Shahi's own transaction data.

01 FACTS OF THE CASE

For AY 2021–22, the ITAT's H Bench, New Delhi partly allowed Shahi Exports' appeal on 27 June 2025. On the Rs.33,59,64,275 transfer-pricing adjustment relating to transfer of power under sections 92F and 80-IA, it followed DCM Shriram, decided on 21 January 2025. Revenue challenged that relief. Its counsel could not distinguish the present facts and law from DCM Shriram.

Source: Own paras.1–3; PDF pp.1–2

02 DISCUSSION BY THE HON'BLE COURT

The Court followed DCM Shriram and reproduced its analysis. That precedent rejected IEX as a comparable for regular supply because reliability, bidding commitments, volatility and payment for power purchased rather than consumed materially affected price. It accepted an internal UPPCL transaction in one region and SEB/distributor rates as external CUPs in others. It also discussed Jindal Steel's industrial-consumer market-value approach. These are the quoted precedent's findings; this short order does not state Shahi's particular tariff or perform a fresh numerical benchmarking exercise.

Source: Own para.4 quoting DCM Shriram paras.43–61; PDF pp.2–8

03 JUDICIAL DECISION

Following the indistinguishable DCM Shriram decision, the Court dismissed ITA 369/2026 together with the pending applications.

Source: Own paras.4–5; PDF pp.2,8

04 OUTCOME / IN WHOSE FAVOUR

Revenue's challenge failed. Shahi retained the Tribunal's relief on the Rs.33,59,64,275 captive-power adjustment for AY 2021–22. The order does not decide every other issue in the partly allowed Tribunal appeal.

Source: Own paras.1–5; PDF pp.1–2,8

05 EXPERT COMMENTS

Identify the economically comparable supply — The quoted reasoning turns on service characteristics that affect price, not merely the commodity's identity. Compare continuity, availability, bidding commitments and the basis of billing before selecting an electricity CUP. A spot-market average cannot be treated as interchangeable with dependable industrial supply without addressing these differences and whether reliable adjustments are feasible.

Do not convert a supported benchmark into an absolute rule — DCM Shriram's extract accepts both an internal UPPCL transaction and external SEB/distributor rates in different regions. That matters: the present order is not an instruction always to ignore internal transactions or mechanically use the highest retail tariff. Identify the actual comparable transaction and its economic setting before applying the cited result.

Use bills as evidence, not an automatic calculation — Industrial-consumer tariffs are supported by the quoted market-value reasoning, but this order does not prescribe a universal landed-charge-per-kWh formula. Reconcile the applicable tariff, consumption period, metering and price components with the tested supply. Do not assume every levy or charge on a bill enters the comparable price simply because the invoice was issued by a DISCOM.

Show why the precedent covers this record — Revenue's inability to distinguish DCM Shriram is central to this disposal. A submission relying on Shahi should map its own transaction to the material features of that precedent, keeping the earlier cases' tariff examples separate. The published order establishes relief on this adjustment; it supplies neither Shahi's rate calculation nor findings on all other Tribunal issues.

Source: Editorial analysis; own paras.1–5 and cited DCM Shriram extract; PDF pp.1–8

SOURCE & VERIFICATION

Delhi High Court official digital order PDF - AKHB Cloud Repository

Eight-page order with five own paragraphs. Own paragraph 4 reproduces DCM Shriram paragraphs 43–61, including a nested Jindal Steel extract; those examples are not separately established Shahi facts.

All 8 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies.

STATUTORY SCOPE

AY 2021–22. Section 92F and section 80-IA are expressly identified; the quoted precedent addresses section 80-IA(8) and CUP comparability.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not independently 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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