

**INCOME TAX APPELLATE TRIBUNAL,  
MUMBAI BENCHES, MUMBAI  
BENCH: D**

**BEFORE HON'BLEVIKRAM SINGH YADAV, ACCOUNTANT MEMBER  
AND HON'BLE SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

<b>ITA No. 1114/MUM/2016 (A.Y: 2010-11) ITA No. 1113/MUM/2016 (A.Y: 2011-12) ITA No. 205/MUM/2022 (A.Y: 2012-13) ITA No. 206/MUM/2022 (A.Y: 2013-14) ITA No. 207/MUM/2022 (A.Y: 2014-15)</b>		
<b>Royal Multisports Pvt Ltd., (Formerly known as Jaipur IPL Cricket Pvt. Ltd.) Fulcrum, B Wing, 103-104, Hiranandani Business Park, Sahar Airport Road, Andheri East, Mumbai – 400099.</b>	<b>Vs.</b>	<b>ACIT, Central Circle -13 Mumbai.</b>
<b>(अपीलार्थी Appellant)</b>		<b>(प्रत्यर्थी Respondent)</b>
Permanent Account Number of Assessee:		<b>AABCJ9648P</b>
निर्धारितीद्वारा/Assessee represented by:	<b>Shri Yogesh Thar &amp; Ms. Sakshi Dande</b>	
राजस्वद्वारा/Revenue represented by:	<b>Shri Sandeep Lakra CIT DR</b>	

सुनवाईकीतारीख/Date of conclusion of hearing:	<b>16-Jun-2026</b>
घोषणाकीतारीख/Date of pronouncement:	<b>22-Jun-2026</b>

**आदेश / ORDER**

**PER BENCH:**

These are the appeals filed by the assessee for A.Ys: 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15. Since common facts and issues for consideration are involved for various years under consideration before us, all the appeals are being disposed of by way of a common order.

2. We shall first start with assessee's appeal for A.Y 2010-11 in ITA No. 1114/Mum/2016 and our observations shall apply to balance years as well. Notably, the counsel for the assessee has primarily advanced arguments for A.Y 2010-11 and submitted a chart stating that all issues stand covered in grounds raised by the assessee for balance assessment years by the grounds taken by the assessee for A.Y 2010-11.

**ITA No. 1114/Mum/2016, A.Y 2010-11**

The assessee has raised the following grounds of appeal:

*GROUND I:*

- 1. On the facts and circumstances of the case and in law, the Commissioner of Income-tax (Appeals) 48, Mumbai ('CIT(A')) erred in confirming the action of the Assistant Commissioner of Income Tax, Central Circle 13, Mumbai ("AO") in disallowing depreciation on intangible asset being Franchise's Rights, 'Rajasthan Royals' amounting to 3769 lacs claimed u/s. 32 of the Act.*
- 2. The Appellant therefore prays that the claim for depreciation be allowed as claimed.*

*WITHOUT PREJUDICE TO GROUND I*

*GROUND II:*

- 1. On the facts and circumstances of the case and in law, the CIT (A) erred in denying the alternate claim of the Appellant that the installments of 2680 lacs Crores paid towards Franchise Rights be allowed as 'revenue expenditure' in terms of section 37(1) of the Act.*
- 2. The Appellant therefore prays the installments of 2680 lacs paid towards Franchise Rights be allowed as 'revenue expenditure' u/s. 37(1) of the Act for every year against the income, if any.*

*GROUND III:*

- 1. On the facts and circumstances of the case and in law, the CIT (A) erred in confirming the action of the AO in disallowing an amount of ₹ 40.28 lacs u/s. 40A(3) of the Act on the alleged ground that the said payments were not made through cheques, without appreciating the fact that the said payments are not claimed as expenditure and are treated as pre-paid expenses.*
- 2. The Appellant therefore prays that the said addition be deleted.*

*GROUND IV:*

1. On the facts and circumstances of the case and in law, the CIT (A) erred in confirming the action of the AO in disallowing an amount of ₹. 4.84 lacs being business research expenditure on the alleged ground that the proof of payments rendered by M/s. Agilysis IT Services were not submitted.

2. The Appellant therefore prays that the said disallowance be deleted

**GROUND V:**

1. On the facts and circumstances of the case and in law, the CIT(A) erred in confirming the action of the AO in disallowing an amount of ₹ 14.46 lacs paid to director, Mr. Ranjit Barthakur (through M/s. Agilysis IT Services) on the alleged ground that the assessee has already paid him . 214 lacs for services rendered by him and the assessee company has failed to distinguish between the two payments of 214 lacs and 14.52 lacs paid to the same person.

2. The Appellant therefore prays that the said disallowance of 14.46 lacs be deleted.

**GROUND VI:**

1. On the facts and circumstances of the case and in law, the CIT (A) erred in disallowing ad- hoc 25% of the expenses incurred towards web support activities and thereby confirming the action of the AO to that extent on the alleged ground that the proof of services provided by Agilysis IT Services is not submitted.

2. The Appellant therefore prays that the said disallowance of ₹. 3.62 lacs be deleted.

**GROUND VII:**

1. On the facts and circumstances of the case and in law, the CIT (A) erred in confirming the action of the AO in disallowing an amount of 13.75 lacs paid to Mr. Manoj Badale on account of reimbursements of team hotel accommodation and other costs on the alleged ground that the Appellant has not been able to establish the nature of expenses for which Mr. Manoj Badale has been reimbursed.

2. The Appellant therefore prays that the said disallowance of 13.75 lacs be deleted.

**GROUND VIII:**

1. On the facts and circumstances of the case and in law, the CIT (A) erred in confirming the action of the AO in disallowing an amount of 120.56 lacs reimbursed to M/s. Blenheim Chaolcot for payments made to two players on behalf of the Appellant on the alleged ground that the Appellant has not provided details/ documentary evidence.

2. The Appellant therefore prays that the said disallowance be deleted.

**GROUND IX:**

1. On the facts and circumstances of the case and in law, the CIT (A) erred in confirming the action of the AO in disallowing security expenses amounting to ₹ 59.09 lacs, paid to third parties for the security of Ms. Shilpa Shetty and Mr. Manoj Badale on the alleged ground that the company was not obligated to incur such an expense as these persons did not hold any position in the company.

*2. The Appellant therefore prays that the said disallowance be deleted.*

*GROUND X:*

*1. On the facts and circumstances of the case and in law, the AO erred in levying interest u/s. 234B/234C of the Act.*

*2. This ground being consequential in nature, would be adjudicated accordingly.*

*GROUND XI:*

*The Appellant craves leave to add to, amend and/ or alter all or any of the above grounds of appeal.*

3. The brief facts of the case are that the assessee is engaged in the business of sports and media and owns the Rajasthan Royals IPL franchise. The assessee filed its return of income declaring nil income. During the course of scrutiny assessment proceedings, the Assessing Officer examined the claim of depreciation on the franchise rights acquired from BCCI under the Franchise Agreement. The assessee had treated the franchise rights as an intangible asset and capitalized the entire contractual franchise consideration of ₹268 crore payable over a period of ten years. The assessee had claimed depreciation on the entire value of the franchise rights. The Assessing Officer, however, held that the franchise consideration payable under the agreement was contingent upon the IPL league matches being conducted and if matches were not held in a particular year, the corresponding franchise payment would not become payable. The Assessing Officer further observed that from the eleventh year onwards the consideration was linked to 20% of the franchise income and, therefore, the total cost of the asset was indeterminate and hence not capable of being ascertained at the inception. According to Ld. AO, the assessee was not the complete owner of the franchise rights as extensive rights and controls continued to vest with BCCI and the franchise could neither be freely transferred nor exploited without BCCI's approval. Accordingly, the Assessing Officer held that only the amount of franchise fee actually paid during the year was the cost of the asset for that year and allowed depreciation only on such amount, resulting in disallowance of

depreciation of ₹38.525 crore. The Assessing Officer also rejected the alternate plea of the assessee that the annual franchise payment of ₹26.80 crore should be allowed as revenue expenditure on the ground that both the assessee and the Department had consistently treated the franchise rights as a capital asset and the annual payment was part of the cost of acquisition of such asset.

4. The Assessing Officer next examined cash payments amounting to ₹40.28 lakh made to players and support staff towards per diem allowances. The assessee submitted that the payments were the daily allowances payable under player contracts and were made in cash due to practical difficulties during the tournament. The Assessing Officer observed that the recipients were professional players and support personnel having banking facilities and therefore the payments did not fall within any of the exceptions prescribed under Rule 6DD. The Assessing Officer therefore invoked section 40A(3) of the Act and disallowed the entire amount of ₹40.28 lakh.

5. Thereafter, the Assessing Officer scrutinized payments made to an entity namely Agilysis IT Services India Pvt. Ltd. under various heads. In respect of business research expenses, Ld. AO noted that although invoices had been furnished, no evidence showing actual rendering of services had been produced. He therefore disallowed ₹4.84 lakh under section 37(1) of the Act holding that the assessee had failed to establish that the expenditure was incurred wholly and exclusively for business purposes.

6. The Assessing Officer further noticed that the assessee had paid ₹14.52 lakh to Agilysis towards remuneration of Mr. Ranjit Barthakur, who was a common director of both concerns. Since the assessee had already paid substantial remuneration directly to Mr. Barthakur as Vice Chairman, the Assessing Officer asked the assessee to explain the nature of additional services

rendered through Agilysis. According to the Assessing Officer, the assessee failed to distinguish between the direct remuneration and the amount paid through Agilysis and did not furnish any concrete evidence regarding the services rendered by Mr. Barthakur in his capacity as a Director of Agilysis. The Assessing Officer therefore disallowed payment of ₹14.52 lakh.

7. In relation to web support expenses of ₹14.46 lakh paid to Agilysis, the Assessing Officer held that no evidence of services rendered was furnished and accordingly, the Assessing Officer disallowed the said expenditure.

8. The Assessing Officer also disallowed reimbursement of ₹13.75 lakh paid to Mr. Manoj Badale towards hotel accommodation, food and other expenses incurred for players and support staff during IPL matches held in South Africa. According to the Assessing Officer, the assessee furnished only the invoice raised by Mr. Badale and failed to produce hotel bills, vouchers, details of persons who stayed in the hotel and evidence establishing that the expenditure was incurred wholly for business purposes. Since Mr. Badale was neither an employee nor a director of the assessee company, the Assessing Officer held that the expenditure could not be allowed in the absence of proper supporting evidence.

9. The Assessing Officer further disallowed reimbursement of ₹120.56 lakh made to Blenheim Chalcot towards payments made on behalf of the assessee for marketing activities, production of a promotional DVD and promotional services rendered by certain players. The Assessing Officer observed that the assessee had merely furnished copies of invoices and bank advices and had not produced any agreements, correspondence, confirmations or documentary evidence in support of actual rendering of services. The Assessing Officer noted that the invoices were largely self-generated and no concrete evidence was furnished to

establish that any promotional or marketing activity had been undertaken for the benefit of the assessee. Accordingly, the entire reimbursement was disallowed.

10. Further, the Assessing Officer examined the security expenses incurred by the assessee for providing security to Mr. Manoj Badale and Ms. Shilpa Shetty. The Assessing Officer observed that neither of them held any position in the assessee company and held that providing security to such persons was not the liability of the assessee. He accordingly disallowed the corresponding expenditure.

11. In appeal, the CIT(Appeals) considered each of the above additions and disallowances in detail.

12. **With respect to depreciation on Franchise Rights and Alternate Claim of Revenue Expenditure**, the CIT(Appeals) followed the order of his predecessor in the assessee's own case for A.Y. 2009-10 and held that the franchise consideration payable under the agreement was contingent and indeterminate. The CIT(Appeals) agreed with the Assessing Officer that the assessee could not claim depreciation on the entire contractual liability of ₹268 crore and depreciation was allowable only on the franchise fee actually paid. The CIT(Appeals) also rejected the alternate claim that the annual franchise payment should be allowed as revenue expenditure under section 37(1), observing that the franchise rights had been treated by both parties as a capital asset and there was no basis to treat annual payments as revenue expenditure. The CIT(Appeals) made the following observations:

*“I concur with the findings given by my predecessor on this issue. Respectfully following the order of my predecessor, Grounds of Appeal I & II are dismissed and the disallowance of depreciation amounting to Rs.38.525 crores is sustained.”*

**13. With respect to disallowance under section 40A(3) of ₹40.28 lakh,** the CIT(Appeals) rejected the assessee's contention and accepted the Assessing Officer's view that the payments had been made in cash to persons having banking facilities. The CIT(Appeals) held that the assessee had failed to demonstrate that the case fell within any of the exceptions prescribed under Rule 6DD. Accordingly, CIT(Appeals) upheld the disallowance under section 40A(3) of the Act.

*“On perusal of the list of persons to whom such payments made are players, assistants etc. These persons have been paid through cheques also, which shows that these persons have their bank accounts and well versed with banking facility. These persons are professionals engaged by the company and not in the nature of any agents or contractors who may be required to disburse money to labourers in remote area.”*

*“The assessee has not explained as to under which clause of Rule 6DD of the Income-tax Rules, 1962, the impugned payments are covered.”* (as summarized in the appellate order while recording the Assessing Officer's reasoning accepted by the CIT(Appeals)).

*“Since the payments have been made in cash and impugned transactions do not fall under any of the exceptions as provided in Rule 6DD, I confirm the disallowance of Rs.40,28,000 made by the AO. Ground of Appeal No. IV is dismissed accordingly.”*

**14. With respect to disallowance of Business Research Expenditure of ₹4.84 lakhs,** the CIT(Appeals) observed that the assessee had failed to establish a clear nexus between the services rendered and the expenditure claimed. The CIT(Appeals) observed discrepancies in the evidence produced and noted that the emails related to a different entity and pertained to periods which did not correspond with the invoices. Accordingly, CIT(Appeals) held that the assessee had failed to discharge the burden cast upon it to establish that the expenditure was incurred wholly and exclusively for business purposes. CIT(Appeals) made the following observations:

*“The appellant is not able to substantiate the claim of expenses. The appellant has merely stated that it had availed services e.g. arranging the flights schedules during the IPL season, generation of email ids of players.”*

*“The email correspondences submitted by the appellant have been perused and it was seen that all of them were during the months of January and February, 2010. However the invoices are pertaining to different quarters the last of which is ending December, 2009.”*

*“Further, the email correspondences are with ‘IndiQuest Services’ as against the invoices/payments of ‘Agilysis’.”*

*“In view of these discrepancies and also huge amount claimed to have been paid only for arranging flight schedules, I confirm the disallowance made by the AO amounting to Rs.4,84,200 for want of justification. Ground of Appeal No. V is dismissed accordingly.”*

**15. For disallowance of ₹14.52 lakh relating to Mr. Ranjit Barthakur, the CIT(Appeals) observed that Mr. Ranjit Barthakur was already receiving substantial remuneration directly from the assessee as Vice Chairman. Although the assessee relied upon agreements and debit notes raised by Agilysis, the CIT(Appeals) held that these documents were self-serving and did not establish what additional services had actually been rendered through Agilysis. According to him, the assessee had merely furnished a general explanation and had failed to explain the specific nature of services rendered in consideration of the impugned payment. The CIT(Appeals) made the following observations:**

*“Mr. Ranjit Barthakur is a vice-chairman of the appellant as well as director of Agilysis IT Services India Pvt. Ltd. Apart from payment of fees of Rs.2,13,36,198 made by the appellant to Mr. Ranjit Barthakur, it has paid Rs.14,51,520 to Agilysis on account of rendering of services by him to the appellant.”*

*“In this regard, the Appellant submitted that it has entered into a work order bearing no. A10902 on April 01, 2009 with Agilysis whereby Agilysis has agreed to provide services including provision of ‘Service Office’ desks and shared infrastructure for business support to the appellant, which will be provided through a shared arrangement with Agilysis.”*

*“Further, debit notes raised by Agilysis claiming reimbursement of salary cost have also been submitted.”*

*“Apart from these evidences which are self-created in nature, the appellant has merely offered a general explanation whereby it has been contended that there cannot be any separate ‘evidence of services’ rendered by Mr. Ranjit Barthakur, for which he has been remunerated.”*

*“Therefore, the appellant has not been able to explain what kind of services have been rendered by Mr. Ranjit Barthakur in addition his role as a vice-chairman of the appellant company for which Agilysis has been paid the impugned amount.”*

*“Mere agreement cannot justify the claim of deduction unless the nature of infrastructure shared with the appellant for business support has been explained.”*

*“Therefore, I confirm the disallowance made by the AO in this respect. Ground of Appeal No. VI is dismissed.”*

**16. With respect to Web Support Expenses,** the CIT(Appeals) noted that invoices and certain email correspondences had been produced by the assessee. However, CIT(Appeals) found certain discrepancies between the period covered by the invoices and the period to which the emails related. The CIT(Appeals) also noted that substantial payments had been made to a related concern. At the same time, Ld. CIT(A) was of the view that complete disallowance was excessive and therefore granted partial relief by allowing 75% of the expenditure and sustaining disallowance of only 25%. The CIT(Appeals) made the following observations:

*“Considering such discrepancy and also considering the fact that heavy expenses have been paid to a related concern, justice at both the ends would meet if 25% of the expenses are disallowed.”*

*“Accordingly, the AO is directed to allow 75% of the impugned expenses.”*

**17. With respect to ground relating to reimbursement to Mr. Manoj Badale of ₹13.75 lakhs,** the CIT(Appeals) observed that although the assessee contended that the expenditure related to accommodation of players and support staff during IPL matches in South Africa, the documentary evidence furnished by the assessee was not inadequate. According to Ld. CIT(A), the assessee could not establish that the expenditure had actually been incurred wholly and exclusively for business purposes. Accordingly, CIT(Appeals) agreed with the Assessing Officer and sustained the disallowance.

**18. With respect to reimbursement to Blenheim Chalcot of ₹120.56 lakhs,** the CIT(Appeals) examined the claims relating to marketing activities, DVD

production and promotional services rendered through third parties and reimbursed to Blenheim Chalcot. The CIT(Appeals) observed that despite repeated opportunities, the assessee had not produced agreements, confirmations or any other evidence demonstrating actual rendering of services. The CIT(Appeals) held that mere production of bank statements and invoices was not sufficient. The CIT(Appeals) therefore held that the assessee had failed to establish that the expenditure had been incurred wholly and exclusively for business purposes.

19. With respect to Ground relating to **Security Expenses of ₹59.09 lakh**, the CIT(Appeals) considered the assessee's submission that Mr. Manoj Badale was involved in management and strategic affairs of the franchise and Ms. Shilpa Shetty was the brand ambassador of Rajasthan Royals. However, the CIT(Appeals) observed that the assessee had failed to establish a direct nexus between the security expenditure and the business requirements of the assessee. The CIT(Appeals) further observed that the documents relied upon by the assessee did not show the connection of these individuals with the assessee company so as to justify the expenditure. Accordingly, CIT(Appeals) dismissed this Ground with the following observations:

*“In the absence of any nexus between the appellant and the persons for whom security expenses have been incurred and the business expediency for incurring such expenses, the appellant cannot be allowed the deduction of such security expenses.”*

*“Hence, I confirm the disallowance of security expenses made by the AO.”*

20. The assessee is in appeal before us against the order passed by CIT(Appeals).

21. We have heard the rival contentions and perused the material on record.

**22. With respect to ground No.I relating to depreciation on intangible asset**, the controversy relates to the quantum of depreciation allowable on the franchise rights acquired by the assessee. We find that the issue now stands covered by the decision of the Special Bench of the Tribunal in the case of *Royal Multisport Private Limited* dated 31.10.2025. The Special Bench has categorically held that the franchise rights acquired under the Franchise Agreement constitute an intangible asset within the meaning of section 32(1)(ii) of the Act and there was no dispute between the assessee and the Revenue regarding the capital nature of the expenditure incurred for acquisition of such rights. The Special Bench observed as under:

*“There is, thus, no dispute that the assessee acquired the right to operate a Franchise and to be member of the League at the time of signing of the Franchise Agreement, which constitutes a ‘licence’ or ‘Franchise’, being an item of intangible asset described in section 32(1)(ii) of the Income Tax Act, 1961. The franchisee payments, representing the expenditure incurred for acquiring and enjoying such rights, accordingly partake the character of capital expenditure, eligible for depreciation under the aforesaid provision.”*

23. The Special Bench thereafter examined whether depreciation was allowable on the entire franchise consideration or only on the annual instalments actually paid and rejected the view adopted by the Assessing Officer and the CIT(A). The Tribunal held that the franchise rights were acquired upon execution of the Franchise Agreement and the actual cost could not be restricted merely to the instalments paid during the year. While answering Question No.2 referred to it, the Special Bench held as under:

*“In respect of Question No. 2, the depreciation shall be allowed on the entire franchise fee of Rs. 268 crores, being the actual cost of the intangible assets so acquired during the financial year and not on Rs. 26.80 crores actually paid during the financial year subject to necessary adjustment as warranted in subsequent financial years as observed by us in para 125 herein above.”*

The Special Bench further clarified:

*“Even from an accounting standpoint, we find that the assessee following mercantile system of accounting has to pass appropriate entries adjusting its outstanding liability where such liabilities are no longer payable and corresponding adjustment has to be done in the cost of the asset so capitalised at the original cost. Therefore, in a situation where league matches don’t take place in any year and there is refund of league deposit or the situations such as non-payment of 9th and 10th installment by the assessee, the actual cost of the intangible asset will undergo a downward adjustment, fresh written down value to be determined and the depreciation will be computed on the adjusted written down value. Similarly, in the situation where the franchise consideration is discharged annually as percentage of franchisee income from year 2018 onwards, the actual cost of the intangible asset will undergo an upward adjustment, fresh written down value to be determined and the depreciation will be computed on the adjusted written down value.”*

24. Respectfully following the aforesaid decision of the Special Bench, we hold that the assessee is entitled to depreciation on the entire actual cost of the franchise rights/intangible asset acquired under the Franchise Agreement and not merely on the annual instalments paid during the relevant previous year. The disallowance made by the Assessing Officer is therefore deleted. The ground raised by the assessee is allowed.

**25. Ground Number II** Since we have decided the issue relating to depreciation in favour of the assessee, we are not adjudicating on the alternate contention of the assessee that the aforesaid expenditure constitutes Revenue expenditure.

**26. Ground Number III** With respect to disallowance made under section 40A(3) of the Act amounting to Rs. 40(a)(ia) of the Act in respect of cash payments made towards daily allowance paid to players, during the course of hearing, the learned counsel for the assessee submitted that under the terms of the player agreements, each player was entitled to a daily allowance of USD 100 per day, which translated into approximately ₹4,500 per day at the prevailing exchange rate. It was contended that, for administrative convenience, then the

cash was initially handed over to the team manager, who thereafter distributed the allowance to individual players. According to the learned counsel, although the amount distributed on a particular date may have exceeded ₹20,000, such payment merely was the aggregation of daily allowances pertaining to several days and the actual entitlement of each player for any particular day never exceeded the statutory threshold. It was further contended that the genuineness of the expenditure has never been doubted by the Revenue and the payments were made owing to practical business requirements arising during the conduct of the tournament. The counsel placed reliance on various judicial precedents in support of the proposition that where expenditure is genuine and business exigencies necessitate cash payments, no disallowance under section 40A(3) ought to be made.

27. We are unable to accept the aforesaid submissions.

28. Section 40A(3), as applicable to Assessment Year 2010-11, provided as under:

*“Where the assessee incurs any expenditure in respect of which payment or **aggregate of payments made to a person in a day**, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, exceeds twenty thousand rupees, no deduction shall be allowed in respect of such expenditure.”*

29. A plain reading of the provision shows that the legislature has consciously employed the expression “*payment or aggregate of payments made to a person in a day*”. Therefore, what is relevant for the purpose of section 40A(3) of the Act is not the manner in which the expenditure accrued, nor the daily rate at which the entitlement arose, but the amount of payment or “aggregate of payments” actually made to a person on a particular day. Once the aggregate payment made in cash to a person on a day exceeds the prescribed monetary limit, the provisions of section 40A(3) of the Act are attracted unless the case falls within any of the exceptions specifically enumerated under Rule 6DD.

30. The argument that the underlying entitlement was only USD 100 per day and payments pertaining to several days were aggregated and disbursed together cannot override the plain language of the Statute. The provision does not refer to the daily accrual of expenditure or the daily entitlement of the recipient. Rather, it specifically refers to the payment or aggregate of payments made in a day. If the interpretation canvassed by the assessee is accepted, the statutory expression “aggregate of payments made to a person in a day” would become redundant. Courts are required to give meaning to every word employed by the Legislature and cannot adopt an interpretation which renders any part of the provision otiose.

31. We also find no merit in the contention based on business expediency. The legislature itself has taken into account situations warranting cash payments and has incorporated specific exceptions in Rule 6DD. Once the Rule has prescribed the circumstances in which cash payments beyond the specified limit may be permitted, it is not open to the appellate authorities to create additional exceptions on equitable considerations. Acceptance of a general plea of business necessity dehors Rule 6DD would effectively dilute the Statutory mandate and render the provision largely unenforceable, as every assessee could seek shelter under a plea of commercial convenience.

32. We further find that the assessee's case does not fall within any of the exceptions prescribed under Rule 6DD of the Income-tax Rules, 1962. The payments in question were made to professional cricketers and support staff pursuant to contractual arrangements entered into by the assessee. Further, it is not the assessee's case that banking facilities were unavailable at the place where the payments were made or that the recipients did not maintain bank accounts. In fact, as noted by the CIT(Appeals), the players and support staff were

otherwise receiving payments through normal banking channels, clearly shows the availability of banking facilities. The mere fact that cash payments were considered administratively convenient during the tournament cannot bring the case within the scope of Rule 6DD. The exceptions contained in Rule 6DD are specific and exhaustive in nature and must be strictly construed. Since the assessee has failed to establish that the impugned payments satisfy any of the conditions prescribed under Rule 6DD, the benefit of the said Rule is not available to the assessee.

33. It is a settled principle that where the language of a taxing statute is clear and unambiguous, effect must be given to the plain meaning of the words used. The Hon'ble Supreme Court in **Commissioner of Customs v. Dilip Kumar & Co. [(2018) 9 SCC 1]** reiterated that taxing statutes are to be construed strictly and that nothing can be added to or subtracted from the language employed by the legislature. Similarly, in **Ajmera Housing Corporation v. CIT [(2010) 326 ITR 642 (SC)]**, the Hon'ble Supreme Court held that where the statutory language is plain and explicit, the courts must give effect to it as it stands. It is well settled that equitable considerations have no place in the interpretation of a taxing Statute where the words employed by the legislature are clear. The Hon'ble Supreme Court made the following observations:

*It is trite law that a taxing statute is to be construed strictly. In a taxing Act, one has to look merely at what is said in the relevant provision. There is no presumption as to a tax. Nothing is to be read in it and nothing is to be implied. There is no room for any intendment. There is no equity about a tax. In interpreting a taxing statute, the Court must look squarely at the words of the statute and interpret them. Considerations of hardship, injustice and equity are entirely out of place in interpreting a taxing statute. [Para 27]*

34. In the present case, the assessee has not been able to demonstrate that the impugned cash payments fall within any of the exceptions prescribed under Rule 6DD. The fact that the expenditure may be genuine or that the recipients were

entitled to daily allowances under the player agreements does not, by itself, exclude the operation of section 40A(3) of the Act.

35. Accordingly, we find no infirmity in the action of the Assessing Officer, as affirmed by the CIT(Appeals), in invoking section 40A(3) of the Act. This ground is therefore dismissed.

**36. Ground Number IV** With respect to **Ground relating to disallowance of business research expenditure amounting to ₹4,84,200** paid to Agilysis IT Services India Pvt. Ltd., the learned counsel for the assessee submitted that the expenditure was incurred wholly and exclusively for the purposes of business and were charges paid to Agilysis for providing business support and research-related services during the IPL season. It was contended that invoices and email correspondences were furnished before the tax authorities and, therefore, the expenditure ought to have been allowed.

37. We are unable to accept the aforesaid contention. We find that both the Assessing Officer as well as the CIT(Appeals) have observed that the assessee failed to establish the exact nature of services rendered by Agilysis and failed to substantiate how the impugned expenditure was incurred wholly and exclusively for the purposes of business. The burden to establish the allowability of expenditure under section 37(1) of the Act squarely was on the assessee. The assessee is unable to demonstrate the nature of services actually rendered and the commercial justification for such payment.

38. The CIT(Appeals) recorded the following findings:

*“The onus lies upon the assessee who claims a permissible deduction to prove that a particular item of expenditure is wholly and exclusively laid out for the purpose of its business.”*

*“In Assam Pesticides & Agro Chemicals vs. CIT (1998) 145 CTR (Gau) 213, it was held that mere payment by itself would not entitle the assessee to deduction unless the*

*same is proved to be paid for commercial consideration. The onus of proof at all relevant times is on the assessee.”*

39. The CIT(Appeals) further noted that despite being specifically called upon to explain the nature of services rendered, the assessee could only furnish a vague explanation that the services related to arranging flight schedules and generation of email IDs for players. The Ld. CIT(A) observed:

*“The appellant is not able to substantiate the claim of expenses. The appellant has merely stated that it had availed services e.g. arranging the flights schedules during the IPL season, generation of email ids of players.”*

40. We find force in the observations of the CIT(Appeals). The description of services rendered is itself extremely general and does not show any specialised business research activity. No agreement giving the scope of work, deliverables, timelines, research reports, advisory outputs or specific business studies undertaken by Agilysis has been brought to our notice. Even before us, the assessee has not been able to explain what exactly constituted the business research services, what reports were generated, what analysis was undertaken, or how the services contributed to the assessee's business operations.

41. We find no infirmity in the aforesaid findings of CIT(Appeals). Accordingly, this ground of appeal is dismissed.

**42. Ground No. V** of the assessee's appeal relates to the disallowance of ₹14.52 lakh paid to Agilysis IT Services India Pvt. Ltd. towards remuneration attributable to Mr. Ranjit Barthakur.

43. On appreciation of arguments of both the parties, we observe that it is an undisputed fact that Mr. Ranjit Barthakur was simultaneously the Vice Chairman of the assessee company as well as a Director of Agilysis IT Services India Pvt. Ltd. The assessment record further shows that the assessee had

already paid remuneration of ₹2,13,36,198 directly to Mr. Ranjit Barthakur in his capacity as Vice Chairman. In addition thereto, an amount of ₹14,51,520 was paid to Agilysis allegedly towards services rendered by Mr. Barthakur. In such circumstances, the burden squarely rested upon the assessee to demonstrate what additional and distinct services were rendered by Mr. Barthakur through Agilysis over and above the functions discharged by him in his capacity as Vice Chairman of the assessee.

44. The assessee has merely relied upon the work order executed with Agilysis and the debit notes raised by the said concern. In our considered view, these documents, by themselves, do not establish the actual rendering of services. No correspondence, reports, presentations, minutes of meetings or any other material showing the nature and extent of services rendered by Mr. Barthakur through Agilysis have been brought on record. Even before us, the assessee has given a general explanation which in our view does not justify or warrant separate compensation.

45. We find force in the observations of the CIT(Appeals) that the work order and debit notes are essentially self-serving documents and the assessee has furnished only broad and general explanations regarding strategic support and infrastructure sharing. Mere existence of an agreement does not automatically entitle an assessee to deduction. The assessee must establish not only the factum of payment but also the actual rendition of services and the business necessity thereof. A general contention that no separate evidence of services can exist is wholly unacceptable, particularly where substantial remuneration was already being paid directly to the same individual.

46. Importantly, the payment has been routed through a group concern having common management and common directorship. However, no material has been

furnished to establish the precise nature of services rendered or the benefit derived there from by the assessee.

47. It is well settled that although the Revenue cannot substitute its own wisdom for that of a businessman, the initial burden under section 37(1) of the Act to prove that an expenditure has been laid out wholly and exclusively for the purposes of business is upon the assessee. In the present case, the assessee has failed to discharge this burden. We, therefore, find no infirmity in the order of the CIT(Appeals) confirming the disallowance of ₹14,51,520. Accordingly, Ground No. V raised by the assessee is dismissed.

**48. Ground No. VI relates to the disallowance** sustained by the CIT(Appeals) at 25% of the web support expenses paid to Agilysis IT Services India Pvt. Ltd. The Assessing Officer had disallowed the entire expenditure on the ground that the assessee had failed to establish the actual rendering of services. The CIT(Appeals), while observing that discrepancies existed between the invoices and email correspondences and observing that the payments had been made to a related concern, held that "justice at both ends would meet" if only 25% of the expenditure was disallowed and accordingly directed allowance of the balance 75%.

49. We are unable to approve the aforesaid approach adopted by the CIT(Appeals). Once CIT(Appeals) had recorded that there were discrepancies in the evidences produced by the assessee, it was incumbent upon him to either sustain the disallowance on the basis of such findings or record a positive finding regarding the allowability of the expenditure. There was no material brought on record by the CIT(Appeals) on the basis of which the disallowance could be restricted to precisely 25%. The relief granted by the CIT(Appeals) is thus purely ad hoc and not based on any judicial principle.

50. It is well settled that while estimation may be permissible in certain circumstances, such estimation must have some nexus with material available on record and cannot be founded upon conjectures or equitable considerations. In **Dhakeswari Cotton Mills Ltd. v. CIT (1954) 26 ITR 775 (SC)**, the Hon'ble Supreme Court held that although the Assessing Officer is not fettered by technical rules of evidence, he is not entitled to make an assessment based on pure guess without reference to any evidence or material. Similar principles would equally govern appellate proceedings.

51. In **State of Orissa v. Maharaja Shri B.P. Singh Deo (1970) 76 ITR 690 (SC)**, the Hon'ble Supreme Court held that though some amount of estimation is inherent in tax proceedings, the estimate must be based on relevant material and cannot be arbitrary. In **Principal Commissioner of Income-tax vs. Remfry and Sagar [2025] 179 taxmann.com 623 (Delhi)/[2025] 307 Taxman 490 (Delhi)[15-10-2025]**, the Hon'ble High Court held that where assessee's claim for travelling and entertainment expenses was subjected to ad hoc disallowance of 5 per cent by Assessing Officer without pointing out discrepancies in books or producing evidence of personal element, such disallowance was to be deleted.

52. In the present case, the CIT(Appeals) has not given any finding as to why only 25% of the expenditure deserved to be disallowed. The observation that "justice at both ends would meet" is not a substitute for judicial reasoning. Tax liability must be determined on the basis of evidence and findings and not on considerations of equitable apportionment.

53. Accordingly, in the absence of any material justifying the ad hoc disallowance sustained by the CIT(Appeals), we are unable to uphold the same.

The residual disallowance of 25% sustained by the CIT(Appeals) is deleted and Ground No. VI raised by the assessee is allowed.

**54. Ground No. VII of the assessee's appeal relates** to the disallowance of ₹13.75 lakh being reimbursement made to Mr. Manoj Badale towards hotel accommodation and allied expenses incurred in connection with IPL Season 2 held in South Africa. During the course of hearing before us, the learned counsel for the assessee submitted that the impugned amount was the initial payment made by Mr. Manoj Badale towards accommodation of the players, support staff and management personnel at the Vineyard Hotel and Spa, Cape Town, South Africa. The Counsel for the assessee further submitted that the balance expenditure in respect of accommodation of the team at the same hotel was subsequently borne through Giltedge Tours (Pty) Ltd., which acted as the travel agent of the assessee in South Africa. In support of the aforesaid contention, our attention was drawn to the submissions made before the authorities wherein reference had been made to the invoices of Giltedge Tours (Pty) Ltd. and the details of the players and support staff who had stayed at the hotel.

55. Having considered the rival submissions and perused the material on record, we find that the aforesaid factual aspect has not been properly examined either by the Assessing Officer or by the CIT(Appeals). The Tax authorities proceeded to disallow the claim primarily on the ground that adequate supporting evidence regarding the nature of expenditure and the identity of the persons staying at the hotel had not been furnished. However, the Counsel for the assessee has contended that the expenditure formed part of the total accommodation cost incurred for the team during IPL Season 2 and a substantial portion of the expenditure for stay at the same hotel had been incurred through Giltedge Tours (Pty) Ltd.

56. In our considered view, this factual contention requires verification. Accordingly, in the interest of justice, we deem it appropriate to restore the matter to the file of the Assessing Officer to verify the invoices of Giltedge Tours (Pty) Ltd., the details of the hotel accommodation at Vineyard Hotel and Spa, Cape Town, the identity of the players, support staff and management personnel who stayed therein, and the nexus between the payment initially made by Mr. Manoj Badale and the subsequent payments made through Giltedge Tours (Pty) Ltd. If upon such verification the Assessing Officer finds that the two limbs viz initial payment by Mr. Badale and subsequent payment by Giltedge Tours are inter liked and the stay of professionals at hotel premises is established, then the same shall be allowed in accordance with law after affording adequate opportunity of hearing to the assessee.

57. Accordingly, Ground No. VII is allowed for statistical purposes.

**58. Ground No. VIII** relates to the disallowance of ₹1,20,56,463/- towards reimbursement made by the assessee to Blenheim Chalcot Management Ltd. ("BCML"). The facts are that during the relevant previous year IPL Season 2 was shifted to South Africa and the assessee, which owns the Rajasthan Royals franchise, availed various marketing, promotional and media-related services in connection with the conduct of the tournament and brand building activities. BCML, a group concern based in the United Kingdom, made payments on behalf of the assessee to various third parties and subsequently recovered the same from the assessee on a cost-to-cost basis. The reimbursement comprised payments aggregating to ₹50.53 lakh made to Playmakers towards marketing activities in South Africa, ₹5.89 lakh paid to Mr. Tran Giang towards production of the DVD "Rajasthan Royals Road to Victory" and ₹64.13 lakh paid to players Mr. Robert Quiney and Mr. Morne Morkel towards promotional activities and brand-building initiatives.

59. The Assessing Officer examined the aforesaid claim and observed that though the assessee had furnished debit notes, invoices and certain bank advices, no agreements, confirmations, correspondence or other supporting material had been furnished to establish that the services had actually been rendered. According to the Assessing Officer, the invoices were self-generated and no evidence had been brought on record to substantiate the actual rendering of services. Accordingly, the Assessing Officer held that the assessee had failed to establish that the expenditure had been incurred wholly and exclusively for the purposes of business and therefore disallowed the entire amount of ₹1,20,56,463/- under section 37(1) of the Act.

60. In appeal, the CIT(Appeals) concurred with the findings of the Assessing Officer. The CIT(Appeals) observed that mere production of invoices and proof of payment could not establish the allowability of the expenditure and the assessee could have obtained confirmations from the parties concerned. According to the CIT(Appeals), in the absence of evidence showing that Playmakers, Mr. Tran Giang and the two players had actually rendered services to the assessee, the deduction could not be allowed. Accordingly, the disallowance was sustained.

61. During the course of hearing before us, the learned counsel for the assessee submitted that BCML had merely acted as a coordinating entity and had made payments on behalf of the assessee to third-party service. It was contended that BCML itself had not rendered any services but had merely recovered the actual costs incurred by it without any mark-up. It was further contended that the reimbursement was on a pure cost-to-cost basis and did not involve any income element in the hands of BCML. It was also argued that since the payments were made to a UK entity only by way of reimbursement and there

was no profit element embedded therein, no tax was deductible at source and consequently no disallowance could have been made as evident from findings of CIT(Appeals) while sustaining the disallowance. The Counsel for the assessee placed reliance on the principle that reimbursement of actual expenses devoid of any income component does not give rise to any chargeable income in the hands of the recipient especially since India-UK Tax Treaty was involved.

62. We find that both the Assessing Officer and the CIT(Appeals) have proceeded to disallow the expenditure primarily on the ground that the actual rendering of services had not been established. At the same time, we find that the assessee has submitted that BCML had merely acted as an intermediary and the payments were reimbursements made on cost-to-cost basis. We further find that the assessment record contains references to invoices, debit notes and bank advices, and it is the contention of the assessee that the promotional DVD itself had been furnished before the authorities below. In our considered view, the nature of the transactions and the underlying services require a comprehensive factual examination.

63. Further, the contention of the learned counsel that the payments was a pure reimbursement without any income element and also in view India UK DTAA payments did not attract withholding tax obligations, has neither been examined by the Assessing Officer nor by the CIT(Appeals). Further, Tax Authorities have not given any finding regarding whether BCML had merely recovered the exact amounts paid by it without any mark-up, whether the underlying services had in fact been rendered by the actual service providers and whether any portion of the reimbursement contained an element of income chargeable to tax in India. These aspects are important for deciding the allowability of the expenditure and cannot be adjudicated in the absence of proper verification.

64. Considering the totality of facts and circumstances, we deem it appropriate to restore the matter to the file of the Assessing Officer to examine the nature of payments made by BCML to Playmakers, Mr. Tran Giang, Mr. Robert Quiney and Mr. Morne Morkel, verify the invoices, bank advices, agreements and other supporting documents and ascertain whether the impugned reimbursements were made on a pure cost-to-cost basis without any mark-up. The Assessing Officer shall also examine whether the underlying services were actually rendered and whether any income element was embedded in the payments so as to attract withholding tax provisions especially in light of India UK Tax Treaty. In case the Assessing Officer finds that the payments were mere reimbursements without any profit element and the underlying expenditure was incurred wholly and exclusively for the purposes of business, the same shall be allowed in accordance with law. Needless to say, the assessee shall be afforded adequate opportunity of being heard and shall be at liberty to furnish such documentary evidence as may be considered necessary in support of its claim.

65. Accordingly, Ground No. VIII is allowed for statistical purposes.

**66. Ground No. IX relates to the disallowance of security expenses amounting to ₹59.09 lakh** incurred by the assessee towards providing security arrangements during IPL Season 2. The Assessing Officer observed that a portion of the security expenditure had been incurred for Mr. Manoj Badale and Ms. Shilpa Shetty and since neither of them held any position in the assessee company, the responsibility of providing security to such persons could not be regarded as that of the assessee. The Assessing Officer accordingly held that the expenditure was not incurred wholly and exclusively for the purposes of business. The CIT(Appeals) affirmed the disallowance by observing that the

assessee had failed to establish the nexus between the expenditure and its business requirements.

67. Having heard the rival submissions and perused the material on record, we are unable to subscribe to the approach adopted by the Tax authorities. At the outset, we find that the genuineness of the expenditure itself has never been doubted. The expenditure has been incurred pursuant to invoices raised by the security agencies and there is no allegation that the payments were bogus or that the services were not actually rendered. It is further seen that the security expenses were incurred under consolidated arrangements and not under separate contracts for Mr. Manoj Badale and Ms. Shilpa Shetty.

68. We further find that it is an undisputed fact that Ms. Shilpa Shetty was the brand ambassador of Rajasthan Royals. Therefore, expenditure incurred for ensuring adequate security arrangements for such person during the conduct of the tournament cannot be viewed in isolation from the business interests of the assessee. Further, the assessee has argued that Mr. Manoj Badale was actively involved in the management, strategic planning and administration of the affairs relating to the franchise. The mere fact that he did not hold a formal position in the assessee company cannot by itself lead to the conclusion that expenditure incurred in connection with him did not have a business nexus.

69. It is well settled that the Revenue cannot sit in the armchair of the businessman and determine what expenditure ought to have been incurred and what expenditure should have been avoided. In **S.A. Builders Ltd. v. CIT (288 ITR 1) (SC)**, the Hon'ble Supreme Court held that commercial expediency must be viewed from the perspective of a prudent businessman and not from that of

the Revenue authorities. Similarly, in **CIT v. Walchand & Co. Pvt. Ltd. (65 ITR 381) (SC)**, the Hon'ble Supreme Court observed that it is not for the Assessing Officer to substitute his own judgment for that of the businessman and decide the reasonableness or necessity of the expenditure. The Hon'ble Supreme Court reiterated in **Sassoon J. David & Co. Pvt. Ltd. v. CIT (118 ITR 261) (SC)** that it is not necessary that the expenditure should have been incurred under a legal obligation and that any expenditure incurred on grounds of commercial expediency is allowable if it is incurred wholly and exclusively for the purposes of business.

70. In the present case, the Tax authorities have proceeded merely on the premise that Mr. Manoj Badale and Ms. Shilpa Shetty did not occupy any official position in the assessee company. In our considered view, this is not the correct test under section 37(1) of the Act. Once the genuineness of the expenditure is not in dispute and the expenditure is shown to have been incurred in connection with the conduct and promotion of the franchise business, the Assessing Officer cannot decide what expenditure was necessary or prudent for the assessee. No material has been brought on record to show that the expenditure was personal in nature or unrelated to the business activities of the assessee. The disallowance is thus based merely on the subjective perception of the Assessing Officer regarding the necessity of such expenditure, which is impermissible in law.

71. Accordingly, we find no justification for the disallowance sustained by the CIT(Appeals). The same is directed to be deleted and Ground No. IX raised by the assessee is allowed.

72. The balance grounds raised by the assessee are either general or consequential in nature and, therefore, do not call for any separate adjudication.

73. We also note that the present order has been rendered after an appreciation of the peculiar facts and circumstances in the assessee's case and the findings recorded herein are based upon such factual background. Accordingly, the issues have been decided in the light of the judicial precedents which, in our considered view, are directly applicable to the facts of the present case. As regards the various decisions cited by the learned counsel for the assessee having only general application, we have not separately dealt with or distinguished each of them, since those decisions do not bear directly upon the factual controversies arising in the present appeal. It is well settled that a judicial precedents is applicable only for the issue it actually decides and its applicability depends upon the facts of each case. Therefore, non-discussion of every decision cited at the Counsel for the assessee should not be construed as non-consideration thereof.

74. Accordingly, the appeal of the assessee for A.Y 2010-11 is partly allowed for statistical purposes.

The assessee has raised the grounds of appeal for the A.Y 2011-12 in ITA No. 1113/Mum/2016.

*GROUND I:*

*1. On the facts and circumstances of the case and in law, the Commissioner of Income-tax (Appeals) 37, Mumbai ('CIT(A')) erred in confirming the action of the Assistant Commissioner of Income Tax, Central Circle 13, Mumbai ("AO") in disallowing depreciation on intangible asset being Franchise's Rights, 'Rajasthan Royals' amounting to 3769.2 lacs claimed u/s. 32 of the Act.*

*2. The Appellant therefore prays that the claim for depreciation be allowed as claimed.*

*WITHOUT PREJUDICE TO GROUND I*

*GROUND II:*

*1. On the facts and circumstances of the case and in law, the CIT (A) erred in denying the alternate claim of the Appellant that the instalments of 2680 lacs Crores paid towards Franchise Rights be allowed as 'revenue expenditure' in terms of section 37(1) of the Act.*

*2. The Appellant therefore prays the instalments of 2680 lacs paid towards Franchise Rights be allowed as 'revenue expenditure' u/s. 37(1) of the Act for every year against the income, if any.*

*On the facts and circumstances of the case and in law, the CIT (A) erred in confirming the action of the AO in disallowing an amount of ₹53.18 lacs u/s. 40A (3) of the Act on the alleged ground that the said payments were not made through cheques, without appreciating the genuineness of the claim of the assessee.*

*2. Further, he failed to appreciate that out of \* 53.18 lacs disallowed, an amount of ₹ 40.28 has already been disallowed in AY 2010-11 and disallowing the same again will amount to double disallowance to the extent of ₹ 40.28 lacs.*

*3. The Appellant therefore prays that the said addition be deleted.*

*GROUND IV:*

*1. On the facts and circumstances of the case and in law, the CIT (A) erred in confirming the action of the AO in disallowing an amount of ₹. 5.37 lacs being business research expenditure on the alleged ground that the proof of payments rendered by M/s. Agilysis IT Services were not submitted.*

*2. The Appellant therefore prays that the said disallowance be deleted*

*GROUND V:*

*1. On the facts and circumstances of the case and in law, the CIT(A) erred in confirming the action of the AO in disallowing an amount of 24.44 lacs paid to director, Mr. RanjitBarthakur (through M/s. Agilysis IT Services) on the alleged ground that the assessee has already paid him . 20 lacs for services rendered by him and the assessee company has failed to distinguish between the two payments of 20 lacs and 24.44 lacs paid to the same person.*

*2. The Appellant therefore prays that the said disallowance of 24.44 lacs be deleted.*

*GROUND VI:*

*1. On the facts and circumstances of the case and in law, the CIT (A) erred in disallowing ad- hoc 25% of the expenses incurred towards web support activities and thereby confirming the action of the AO to that extent on the alleged ground that the proof of services provided by Agilysis IT Services is not submitted.*

*2. The Appellant therefore prays that the said disallowance of ₹. 2.43 lacs be deleted.*

*GROUND VII:*

*1. On the facts and circumstances of the case and in law, the AO erred in levying interest u/s. 234B/234C of the Act.*

*2. This ground being consequential in nature, would be adjudicated accordingly.*

*GROUND VIII:*

*The Appellant craves leave to add to, amend and/ or alter all or any of the above grounds of appeal.*

The assessee has raised the grounds of appeal for the A.Y 2012-13 in ITA No. 205/Mum/2022.

*1.1. On the facts and circumstances of the case and in law, the Commissioner of Income-tax (Appeals) 48, Mumbai ('CIT(A)') erred in confirming the action of the Deputy Commissioner of Income Tax, Central Circle 2(3), Mumbai ("AO") in disallowing depreciation claimed u/s. 32 of the Act on intangible asset being Franchise's Rights, 'Rajasthan Royals' to the extent of 994.53 lacs.*

*1.2. The Appellant prays that the claim for depreciation be allowed as claimed in the return of income.*

*Without prejudice to the above,*

*2.1. On the facts and circumstances of the case and in law, the CIT (A) erred in denying the alternate claim of the Appellant that the instalments of ₹ 2680.00 lacs paid towards Franchise Rights be allowed as 'revenue expenditure' in terms of section 37(1) of the Act.*

*2.2. The Appellant therefore prays the instalments of ₹2680.00 lacs paid towards Franchise Rights be allowed as 'revenue expenditure' u/s. 37(1) of the Act for every year against the income, if any.*

3.1. *On the facts and circumstances of the case and in law, the CIT (A) erred in confirming the action of the AO in disallowing an amount of ₹ 52.10 lacs u/s. 40A (3) of the Act on the alleged ground that the said payments in excess of 20,000/- were not made through cheques.*

3.2. *The Appellant prays that section 40A(3) of the Act does not get attracted in the instant case and therefore, the said addition be deleted.*

4.1. *On the facts and circumstances of the case and in law, the CIT (A) erred in confirming the action of the AO in disallowing an amount of ₹2.04 lacs being business research expenditure on the alleged ground that the proof of services rendered by M/s. Agilysis IT Services were not submitted.*

4.2. *The Appellant prays that the claim made by the Appellant is allowable and therefore, said disallowance be deleted.*

5.1. *On the facts and circumstances of the case and in law, the CIT(A) erred in confirming the action of the AO in disallowing an amount of 21.96 lacs paid to director, Mr. RanjitBarthakur (through M/s. Agilisys IT Services) on the alleged ground that the assessee has already paid him 75 lacs for services rendered by him and the assessee company has failed to distinguish between the two payments of 21.96 lacs and ₹75 lacs paid to the same person.*

5.2. *The Appellant prays that the said disallowance of ₹21.96 lacs be deleted.*

6.1. *On the facts and circumstances of the case and in law, the CIT (A) erred in disallowing 6.40 lacs being 25% of the expenses of 25.61 lacs incurred towards marketing and web support activities on ad-hoc basis and thereby confirming the action of the AO to that extent on the alleged ground that heavy expenses have been paid to related party.*

6.2. *The Appellant prays that the said disallowance of ₹ 6.40 lacs be deleted.*

7.1. *On the facts and circumstances of the case and in law, the AO erred in short-granting interest u/s. 244A of the Act.*

7.2. *The Appellant prays that AO be directed to re-compute the interest u/s. 244A of the Act.*

8.1. *On the facts and circumstances of the case and in law, the CIT (A) erred in not allowing set-off of the brought forward losses of assessment years 2009-10 to 2011-12 against the income of A.Y. 2012-13.*

8.2. *He failed to appreciate and ought to have held that; the assessee's appeals for A.Y. 2009-10 to 2011-12 are pending before the Hon'ble ITAT, Mumbai and they have not*

*yet attained finality and therefore the Appellant had correctly claimed the set-off in the Return of Income based on the Appellant's records.*

*3.3 The Appellant therefore prays that the AO be directed to allow the set-off of losses for earlier years against the income for A.Y. 2012-13 as and when earlier years attains finality.*

*General*

*The Appellant craves leave to add to, amend and/ or alter all or any of the above grounds of appeal*

The assessee has raised the grounds of appeal for the A.Y 2013-14 in ITA No. 206/Mum/2022.

*1.1. On the facts and circumstances of the case and in law, the Commissioner of Income-tax (Appeals) 48, Mumbai ('CIT(A)') erred in confirming the action of the Deputy Commissioner of Income Tax, Central Circle 2(3), Mumbai ("AO") in disallowing depreciation claimed u/s. 32 of the Act on intangible asset being Franchise's Rights, 'Rajasthan Royals' to the extent of 75.90 lacs.*

*1.2. The Appellant therefore prays that the claim for depreciation be allowed as claimed.*

*Without prejudice to the above,*

*2.1. On the facts and circumstances of the case and in law, the CIT (A) erred in denying the alternate claim of the Appellant that the instalments of 2680.00 lacs paid towards Franchise Rights be allowed as 'revenue expenditure' in terms of section 37(1) of the Act.*

*2.2. The Appellant therefore prays the instalments of ₹ 2680.00 lacs paid towards Franchise Rights be allowed as 'revenue expenditure' u/s. 37(1) of the Act for every year against the income, if any.*

*3.1. On the facts and circumstances of the case and in law, the CIT (A) erred in confirming the action of the AO in disallowing an amount of 60.29 lacs u/s. 40A (3) of the Act on the alleged ground that the said payments in excess of 20,000/- were not made through cheques.*

*3.2. The Appellant prays that section 40A(3) of the Act does not get attracted in the instant case and therefore, the said addition be deleted.*

4.1. On the facts and circumstances of the case and in law, the CIT(A) erred in confirming the action of the AO in disallowing an amount of 21.96 lacs paid to director, Mr. RanjitBarthakur (through M/s. Agilisys IT Services) on the alleged ground that the assessee has already paid him ₹ 50 lacs (inadvertently mentioned as ₹74.67 lacs) for services rendered by him and the assessee company has failed to distinguish between the two payments of 21.96 lacs and 50 lacs (inadvertently mentioned as ₹ 74.67 lacs) paid to the same person.

4.2. The Appellant therefore prays that the said disallowance of 21.96 lacs be deleted.

5.1. On the facts and circumstances of the case and in law, the AO erred in short-granting interest u/s. 244A of the Act.

5.2. The Appellant prays that AO be directed to re-compute the interest u/s. 244A of the Act.

6.1. On the facts and circumstances of the case and in law, the CIT (A) erred in not allowing set-off of the brought forward losses of assessment years 2009-10 to 2011-12 against the income of A.Y. 2013-14.

6.2. He failed to appreciate and ought to have held that; the assessee's appeals for A.Y. 2009-10 to 2011-12 are pending before the Hon'ble ITAT, Mumbai and they have not yet attained finality and therefore the Appellant had correctly claimed the set-off in the Return of Income based on the Appellant's records.

6.3. The Appellant therefore prays that the AO be directed to allow the set-off of losses for earlier years against the income for A.Y. 2013-14 as and when earlier years attains finality.

#### *General*

The Appellant craves leave to add to, amend and/ or alter all or any of the above grounds of appeal.

The assessee has raised the grounds of appeal for the A.Y 2014-15 in ITA No. 207/Mum/2022.

1.1 On the facts and circumstances of the case and in law, the Commissioner of Income-tax (Appeals) 48, Mumbai ('CIT(A)') erred in confirming the action of the Deputy Commissioner of Income Tax, Central Circle 2(3), Mumbai ("AO") in disallowing depreciation claimed u/s. 32 of the Act on entire capitalized amount of intangible asset being Franchise's Rights, 'Rajasthan Royals'.

1.2 The Appellant therefore prays that the claim for depreciation be allowed as claimed.

Without prejudice to the above,

2.1. On the facts and circumstances of the case and in law, the CIT (A) erred in denying the alternate claim of the Appellant that the instalments of 2680 lacs Crores paid towards Franchise Rights be allowed as 'revenue expenditure' in terms of section 37(1) of the Act.

2.2. The Appellant therefore prays the instalments of 2680 lacs paid towards Franchise Rights be allowed as 'revenue expenditure' u/s. 37(1) of the Act for every year against the income, if any.

3.1. On the facts and circumstances of the case and in law, the CIT (A) erred in not allowing set-off of the brought forward losses of assessment years 2009-10 to 2011-12 against the income of A.Y. 2014-15.

3.2. He failed to appreciate and ought to have held that; the assessee's appeals for A.Y. 2009-10 to 2011-12 are pending before the Hon'ble ITAT, Mumbai and they have not yet attained finality and therefore the Appellant had correctly claimed the set-off in the Return of Income based on the Appellant's records.

3.3 The Appellant therefore prays that the AO be directed to allow the set-off of losses for earlier years against the income for A.Y. 2014-15 as and when earlier years attains finality.

4.1. On the facts and circumstances of the case and in law, the AO erred in levying interest u/s. 244A of the Act.

4.2. The Appellant prays that interest u/s. 244A of the Act be deleted / recomputed.

*General*

The Appellant craves leave to add to, amend and/ or alter all or any of the above grounds of appeal.

75. We note that all the grounds raised by the assessee in appeals filed for A.Ys 2011-12, 2012-13, 2013-14 & 2014-15 have been dealt while adjudicating on grounds raised by the assessee for A.Y 2010-11. However, there are two additional grounds which have been raised by the assessee for subsequent assessment years viz. ground relating to short grant of interest u/s 244A of the

Act, relevant to A.Y 2012-13 and 2013-14 and ground relating to non-allowability of set off of brought forward losses (relevant to A.Ys 2012-13, 2013-14 & 2014-15).

76. With regard to the ground relating to short grant of TDS credit and consequential interest under section 244A of the Act for assessment year 2012-13 and 13-14, the learned counsel for the assessee submitted that credit of taxes deducted at source has not been granted by the Assessing Officer for impugned assessment years. Since the grant of TDS credit and consequential interest are matters which are primarily factual in nature and require verification from records, we deem it appropriate to restore the issue to the file of the Assessing Officer. The Assessing Officer is directed to verify the claim of the assessee with reference to Form No. 26AS, TDS certificates and other relevant records and grant due credit for taxes deducted at source along with consequential interest under section 244A of the Act in accordance with law. Accordingly, for Assessment Years 2012-13 and 2013-14, the Assessing Officer shall verify the claim of the assessee and grant appropriate relief in accordance with law.

77. The learned counsel for the assessee further submitted that for Assessment Years 2012-13, 2013-14 and 2014-15, brought forward business losses available to the assessee have not been allowed to be set off while computing the taxable income. It was therefore requested that suitable directions be issued to the Assessing Officer to verify the claim and grant consequential relief. Considering the submissions of the learned counsel and keeping in view that the issue involves factual verification of the quantum and availability of brought forward losses as determined in earlier years, we direct the Assessing Officer to examine the records relating to the earlier assessment years, verify the eligibility and quantum of brought forward business losses available for set off and, upon being satisfied about the correctness of the claim, allow the set off in accordance with

the provisions of the Act. Needless to state, adequate opportunity of being heard shall be afforded to the assessee and consequential relief shall be granted in accordance with law. These grounds are accordingly allowed for statistical purposes.

78. In the combined result, all the appeals filed by the assessee are partly allowed for statistical purposes.

Order pronounced in the open court on 22.06.2026.

**Sd/-**  
**VIKRAM SINGH YADAV**  
**ACCOUNTANT MEMBER**

**Sd/-**  
**SIDDHARTHA NAUTIYAL**  
**JUDICIAL MEMBER**

Mumbai

Dated: 22.06.2026

KRK, Sr. PS