

**IN THE INCOME TAX APPELLATE TRIBUNAL  
HYDERABAD BENCHES "B" (SMC), HYDERABAD**

**BEFORE SHRI J. SUDHAKARA REDDY, ACCOUNTANT MEMBER**

**I.T.A. No. 1468/HYD/2017**

Assessment Year: 2013-14

Pabbisetty Ramachandra Gupta Jyothi, HYDERABAD <b>[PAN: AEZPJ6573N]</b>	Vs	Income Tax Officer, Ward-6(2), HYDERABAD
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**(Appellant)**

**(Respondent)**

For Assessee	:	Shri K.A. Sai Prasad, AR
For Revenue	:	Shri K. Gopala Krishna, DR

Date of Hearing : 09-05-2018

Date of Pronouncement : 09-05-2018

**ORDER**

This is an appeal filed by the assessee, directed against the order of the Commissioner of Income Tax (Appeals)-6, Hyderabad, dated 11-05-2017, raising the following grounds:

*"1. The learned first Appellate Authority confirming the disallowance of interest is not correct either in law or on fact and in both.*

*2. The learned first Appellate Authority is not justified in confirming the disallowance of interest paid on borrowed loan from State Bank of Hyderabad of Rs. 14,03,466/- u/s. 57 of the I.T. Act.*

*3. The learned First Appellate Authority failed to appreciate the fact that the provisions of section 57 of the I T Act are not applicable to the facts of the case".*

Ground No. 4 is general in nature.

2. Ld. Counsel for the assessee, Shri K.A. Sai Prasad, vehemently contended that the AO as well as the CIT(A) have erred in disallowing an amount of Rs. 14,03,466/- u/s. 57 of

the Income Tax Act, 1961 [the Act]. He submitted that this expenditure was incurred for earning interest income and hence the same should have been allowed when the genuineness of the payment is not in doubt.

3. Ld.DR, relied on the orders of the lower authorities and submitted that the same should be upheld.

4. After hearing the rival contentions, I find that the Ld.CIT(A) has given a factual finding that the assessee has taken an amount of Rs. 1 Crore as loan from State Bank of Hyderabad and transferred the same directly to M/s. Aroma Biotic Private Ltd., and Karol Distillery & Breweries Pvt. Ltd., on the same day. The assessee has not earned any interest or return on investment on these advances / investments. The assessee could not explain the nexus between any possible interest income, which is taxable u/s. 56 of the Act under the head 'income from other sources' and expenditure-in-question. Thus, I uphold the order of the Ld. First Appellate Authority and dismiss the appeal of assessee.

5. In the result, appeal of assessee is dismissed.

*Order pronounced in the open court on 9<sup>th</sup> May, 2018*

Sd/-  
**(J. SUDHAKARA REDDY)**  
**ACCOUNTANT MEMBER**

Hyderabad, Dated 9<sup>th</sup> May, 2018

TNMM

*Copy to :*

- 1. Pabbisetty Ramachandra Gupta Jyothi, C/o. Ch. Parthasarathy & Co., 1-1-298/2/B/3, 1<sup>st</sup> Floor, Sowbhagya Avenue, St. No. 1, Ashok Nagar, Hyderabad.*
- 2. Income Tax Officer, Ward-6(2), Hyderabad.*
- 3. CIT (Appeals)-6, Hyderabad.*
- 4. Pr.CIT-6, Hyderabad.*
- 5. D.R. ITAT, Hyderabad.*
- 6. Guard File.*