

IN THE INCOME TAX APPELLATE TRIBUNAL  
“H” Bench, Mumbai  
Before S/Shri B.R.Baskaran (AM) & Amarjit Singh (JM)  
I.T.A. No. 3958/Mum/2017 (Assessment Year 2011-12)

M/s. KLT Automotive and Tubular Products Limited B-601, Elegant Business Park, MIDC Road No. 2 J.B. Nagar, Andheri East Mumbai-400 059.  PAN : AA ACT3895R (Appellant)	Vs.	Dy. CIT-12(3)(1) (erstwhile) Now-ACIT 10(1)(2) Room No. 651 Aayakar Bhavan M.K. Road Mumbai-400 020. (Respondent)
--	-----	---

Assessee by	Shri Hemant Bahedia
Department by	Shri Manoj Kumar Singh
Date of Hearing	30.10.2018
Date of Pronouncement	30.10.2018

ORDER

Per B.R. Baskaran (AM) :-

The assessee has filed this appeal challenging the order dated 2.2.2017 passed by the learned CIT(A)-20, Mumbai and it relates to A.Y. 2011-12. The assessee has raised following grounds :-

- (a) Disallowance made u/s. 14A of the Act.
- (b) Disallowance of revenue expenses.

2. At the time of hearing learned AR did not press ground relating to disallowance of revenue expenses. Hence the grounds relating thereto are dismissed as not pressed.

3. The assessee is engaged in the business of manufacture and trading of automotive products such as chassis, precision tubes etc. During the year under consideration, the assessee received dividend income of ₹ 14,607/- and claimed the same as exempt. The assessee did not make any disallowance u/s. 14A of the Act. The Assessing Officer computed disallowance as per rule 8D of

the I.T. Rules at ₹ 23.99 lakhs and the same was confirmed by the learned CIT(A).

4. At the time of hearing, learned AR submitted that the Assessing Officer has considered all investments for the purposes of computing disallowance. He submitted that the Assessing Officer should have considered only those investments which have yielded dividend income for the purpose of disallowance u/s. 14A of the Act.

5. We heard learned DR and perused the record. We noticed that the contentions raised by the assessee are supported the decision rendered by the Special Bench of the Tribunal in the case of ACIT vs. Vireet Investment Pvt Ltd (ITAT Delhi) (Special Bench) (ITA No. 502/Del/2012 dated 16.6.2017. We further notice that the own funds available with the assessee is more than the value of investments and we notice that the decision rendered by jurisdictional Bombay High Court in the case of HDFC Bank Ltd (366 ITR 505) has not been applied by the AO. Accordingly, we set aside the order passed by the learned CIT(A) on this issue and restore the same to the file of the Assessing Officer with the direction to recompute disallowance in the light of discussions made supra.

6. In the result, appeal filed by the assessee is treated as partly allowed. Order has been pronounced in the Court on 30.10.2018.

SD/-  
(AMARJIT SINGH)  
JUDICIAL MEMBER

SD/-  
(B.R. BASKARAN)  
ACCOUNTANT MEMBER

Mumbai; Dated : 30/10/2018

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent

*M/s. KLT Automotive and  
Tubular Products Limited*

3. The CIT(A)
4. CIT
5. DR, ITAT, Mumbai
6. Guard File.

//True Copy//

BY ORDER,

(Senior Private Secretary)  
ITAT, Mumbai

PS