आयकर अपीलीय अधिकरण, अहमदाबाद न्यायपीठ ।

IN THE INCOME TAX APPELLATE TRIBUNAL,
"D" BENCH, AHMEDABAD

BEFORE SHRI RAJPAL YADAV, JUDICIAL MEMBER
AND
SHRI PRADIPKUMAR KEDIA, ACCOUNTANT MEMBER

ITA No.1196/Ahd/2015
Asstt.Year 2002-03

ITA No.13/Ahd/2015
Asstt.Year 2003-04
AND
ITA No.818/Ahd/2015
निर्धारण वर्ष/ Asstt. Year: 2004-05

Atul Limited 3rd Floor, Ashoka Chambers Rasala Marg, Ellisbridge Ahmedabad 380 009. PAN : AABCA 2390 M	Vs.	DCIT (OSD), Range-1 Ahmedabad.

ITA No.1310/Ahd/2015
Asstt.Year 2002-03

AND

ITA No.2576/ahd/2014
Asstt.Year 2003-04

ACIT (OSD), Range-1 Ahmedabad.	Vs.	Atul Limited 3rd Floor, Ashoka Chambers Rasala Marg, Ellisbridge Ahmedabad 380 009. PAN : AABCA 2390 M

(Appellant)		**(Responent)**

Revenue by :	Shri H.V. Gujjar, CIT-DR Shri B.L. Meena, Sr.DR
Assessee by :	Shri S.N. Soparkar, and Shri Parin Shah, AR

सुनवाई की तारीख/**Date of Hearing : 25/06/2019**
घोषणा की तारीख /**Date of Pronouncement: 25/06/2019**

आदेश/O R D E R

PER BENCH:

In the assessment years 2002-03 and 2003-04, the assessee and Revenue are in cross-appeals against orders of the ld.CIT(A) dated 16.2.2015 and 10.7.2014 passed for the Asstt.Years 2002-03 and 2003-04 respectively. In the Asstt.Year 2004-05 assessee alone is in appeal against order of the ld.CIT(A) dated 8.1.2015. Common issues are involved in all these appeals. Therefore, we heard them together and dispose of by this common order.

2. First common issue raised by the assessee is that the ld.CIT(A) has erred in confirming the addition of Rs.1,59,56,205/-; Rs.1,80,32,866/- and Rs.1,71,98,885/- (Rs.1,65,41,873/-) in the assessment years 2003-03, 2003-04 and 2004-05 respectively. The above additions were made by the AO on the recommendation of TPO suggesting adjustment in arm's length price (ALP) of the assessee relating to international transactions with its AE. The ld.counsel for the assessee pointed out that in the Asstt.Year 2004-05, original upward adjustment was made of Rs.1,71,98,885/- in the second round of litigation, but after an application under section 154 before the ld.CIT(A) this has been scaled down to Rs.1,65,41,873/-. The ld.counsel for the assessee at the very outset submitted that in all these assessment years the dispute has travelled upto the Tribunal in first round of litigation. The Tribunal has remitted this issue back to the file of the AO who has directed to have fresh opinion from the TPO about the adjustment recommended in ALP of international transactions. He further pointed out that for example, in the original round of assessment an adjustment of Rs.2,02,39,798/- was recommended by the TPO. On set aside proceedings, he has reduced the adjustment at Rs.1,59,56,205/- in the Asstt.Year 2002-03. Similarly, original adjustment recommended by the TPO in the first round of proceedings has been scaled down. But the assessee was still dissatisfied with the finding of

the TPO which has become part of the assessment order. The ld.counsel for the assessee further contended that dissatisfied with the this adjustment in all these three years, the assessee went in appeal before the ld.CIT(A). The ld.CIT(A) in the Asstt.Year 2002-03 has just followed order of his predecessor passed in the Asstt.Year 2003-04 and did not deal with the submissions made by the assessee. He thereafter took us through the order of the ld.CIT(A) in the Asstt.Year 2003-04 which is also silent in considering submissions of the assessee. He pointed out that this very order has been followed in the Asstt.Year 2004-05. Thus, all three orders of the ld.CIT(A) in these three assessment years are non-speaking orders. Submissions of the assessee have not been considered. On the other hand, the ld.DR was unable to controvert this submissions of the ld.counsel for the assessee.

3. We have duly considered rival contentions and gone through the record. Since the order passed by the ld.CIT(A) in the Asstt.Year 2003-04 has been followed in other two assessment years i.e. assessment year 2002-03 and 2003-04, therefore, we deem it appropriate to take note of the finding recorded by the ld.CIT(A) in the assessment year 2003-04. It reads as under:

> *"3.2 In the assessment order passed u/s 143(3) on 07-03-2006, transfer pricing adjustment of Rs. 1,80,62,067/- was made CIT(Appeals) confirmed the addition. ITAT vide para-30 of the order order dtd. 24-07-2009 in ITANo.157/And/2007, restored the matter to the file of TPO/AO. The Tribunal directed the assessee to show that the sale price of the controlled transactions was at arms length. If there were differences between the controlled and uncontrolled transactions, the assessee was held to be entitled to the benefit of adjustment for such differences under the TP rules. Consequent upon the Tribunal's order, vide the order dtd. 28-10-2011 the TPO reduced the addition to Rs. 1,80,32,866/-, While passing the order the TPO dealt with various contentions raised by the appellant. As seen from the written submission reproduced above, appellant once again re-iterated the submissions made before the TPO. I have carefully considered the facts of the matter. Keeping in view detailed reasoning given by the TPO and the appellant's inability to controvert the TPO's*

observations, I am of the view that no interference is called for. Impugned addition is sustained. These grounds of appeal are dismissed."

4. At this stage, we deem it appropriate to take note of the finding of the ld.CIT(A) in the Asstt.Year 2002-03 also, which reads as under:

"(A) Ground No. 1 to 7 are interlinked and against the determination of Arms length price for an adjustment of Rs. 1,59,56,205/-. The appellant itself submitted that similar issue with similar facts was there in its own case for A.Y. 03-04 hence the submission made during appeal for that year be considered here. My predecessor in the appellant's case for A.Y. 03-04 already adjudicated matter against appellant as already discussed at para 4D above. It is important to note here that

(i) Hon'ble ITAT, Ahmedabad 'D1 bench vide order dt. 24.07.09 in ITA No. 846/Ahd/2006 & ITA No. 253/Ahd/2008 for A.Y. 02-03 as well as in ITA No. 157/Ahd/2007 for A.Y. 03-04 and ITA No. 951/Ahd/2008 for A.Y. 02-03 at para 30 after considering various submissions and contentions setasided the issue of determination of Arms length price & transfer price adjustment back to the file of A.O. & TPO.

(ii) In the setaside proceedings after considering appellant's submissions/contentions and legal proposition with directions of Hon'ble ITAT, the TPO made the adjustment at Rs. 1,59,56,205/-. The original T.P. adjustment of Rs. 2,02,39,798/- was reduced by Rs. 42,83,593/-. (iii) On similar facts and issue, my predecessor already held against the appellant as discussed at Para 4D above.

It is therefore, in view of similarity of facts & issue and there been no change in submission & contention, I am inclined with A.O. as well as TPO for the adjustment of Rs. 1,59,56,205/-. The same are made on proper facts, contentions and legal preposition after considering appellant's submission and in accordance with direction of Hon'ble ITAT. The appellant failed to submit any thing contrary to the ratio of my predecessor in its own case for A.Y. 03-04 on similar facts. It is therefore all the grounds 1 to 7 are dismissed. The addition so made is upheld and confirmed."

5. This order was running into 54 pages and the issue relating to TP adjustment in the value of the international transaction has been concluded in first 46 pages. The ld.CIT(A) reproduced grounds of appeal on page no.1 and 2, and thereafter reproduced submissions of the assessee upto page no.44. In other words, he has reproduced 40 pages of written submission given by the assessee, and thereafter concluded the finding in five-six lines. This order has been followed blindly in other years without any application of mind. Thus, it is a just non-speaking order at the end of the ld.CIT(A). Full Bench of the Hon'ble Punjab & Haryana High Court in the case of Roadmaster Industries of India P.Ltd. Vs. ACIT, 303 ITR 138 (P&H) has considered large number of judgments at the end of Hon'ble Supreme Court as well as at the end of Hon'ble High Courts in order to propound why reasons are necessary in support of conclusions of any adjudicating authority. In order to appraise ourselves as well as to the ld.First Appellate Authority about the importance of assigning reasons, we deem it appropriate to take note of the following finding from this judgment:

> *"4. On a perusal of impugned order, even the counsel for the revenue could not dispute that the order passed by the CIT cannot be termed to be a speaking order which could stand in judicial scrutiny. As to whether in exercise of quasi-judicial powers, the authorities are required to pass orders by giving reasons in support thereof is well-settled by a series of judgments by the Hon'ble Supreme Court of India.*
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> *5. In Harinagar Sugar Mills Ltd. v. Shyam Sunder Jhunjhunwala AIR 1961 SC 1669, while dealing with an order passed by the Central Government in exercise of its appellate powers under section 111(3) of the Companies Act, 1956, in the matter of refusal of a company to register the transfer of shares, Hon'ble the Supreme Court observed :*
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> > *". . . If the Central Government acts as a Tribunal exercising [quasi] judicial powers and the exercise of that power is subject to the jurisdic- tion of this Court under article 136 of the Constitution, we fail to see how the power of this Court can be*

effectively exercised if reasons are not given by the Central Government in support of its order. . . ." (p. 1678)

6. Another Constitution Bench of Hon'ble the Supreme Court in Bhagat Raja v. Union of India AIR 1967 SC 1606 considered the question whether while exercising revisional power under section 30 of the Mines and Minerals (Regulation and Development) Act, 1957 read with Rules 54 and 55 of the Mineral Concession Rules, 1960, the Central Government was required to give reasons in support of its decision and held :

". . . The decisions of Tribunals in India are subject to the supervisory powers of the High Courts under article 227 of the Constitution and of appellate powers of this Court under article 136. It goes without saying that both the High Court and this Court are placed under a great disadvantage if no reasons are given and the revision is dismissed curtly by the use of the single word 'rejected' or 'dismissed'. In such a case, this Court can probably only exercise its appellate jurisdiction satisfactorily by examining the entire records of the case and after giving a hearing come to its conclusion on the merits of the appeal. This will certainly be a very unsatisfactory method of dealing with the appeal. . . ." (p. 1610)

7. In Travancore Rayons Ltd. v. Union of India AIR 1971 SC 862, Hon'ble the Supreme Court observed :

". . .The Court insists upon disclosure of reasons in support of the order on two grounds: one, that the party aggrieved in a proceedings before the High Court or this Court has the opportunity to demonstrate that the reasons which persuaded the authority to reject his case were erroneous; the other, that the obligation to record reasons operates as a deterrent against possible arbitrary action by the executive authority invested with the judicial power." (p. 866)

8. In Mahabir Prasad Santosh Kumar v. State of UP AIR 1970 SC 1302, Hon'ble the Supreme Court while quashing the cancellation of the petitioner's licence by the District Magistrate, observed :

". . . Recording of reasons in support of a decision on a disputed claim by a quasi-judicial authority ensures that the decision is reached according to law and is not the result of caprice, whim or fancy or reached on grounds of policy or expediency. A party to the dispute is ordinarily entitled to know the grounds on which

the authority has rejected his claim. If the order is subject to appeal, the necessity to record reasons is greater, for without recorded reasons the appellate authority has no material on which it may determine whether the facts were properly ascertained, the relevant law was correctly applied and the decision was just." (p. 1304)

9. In Woolcombers of India Ltd. v. Woolcombers Workers' Union AIR 1973 SC 2758, Hon'ble the Supreme Court quashed the award passed by the Industrial Tribunal on the ground that it was not supported by reasons and observed :

". . .The giving of reasons in support of their conclusions by judicial and quasi-judicial authorities when exercising initial jurisdiction is essential for various reasons. First, it is calculated to prevent unconscious, unfairness or arbitrariness in reaching the conclusions. The very search for reasons will put the authority on the alert and minimise the chances of unconscious infiltration of personal bias or unfairness in the conclusion. The authority will adduce reasons which will be regarded as fair and legitimate by a reasonable man and will discard irrelevant or extraneous considerations. Second, it is a well-known principle that justice should not only be done but should also appear to be done. Unreasoned conclusions may be just but they may not appear to be just to those who read them. Reasoned conclusions, on the other hand, will have also the appearance of justice. Third, it should be remembered that an appeal generally lies from the decision of judicial and quasi-judicial authorities to this Court by special leave granted under article 136. A judgment which does not disclose the reasons will be of little assistance to the Court. . . ." (p. 2761)

10. The same view was reiterated in Ajantha Industries v. CBDT AIR 1976 SC 437 and Siemens Engg. & Mfg. Co. of India Ltd. v. Union of India AIR 1976 SC 1785.

11. In S.N. Mukherjee v. Union of India AIR 1990 SC 1984, a Constitution Bench reviewed various judicial precedents on the subject and observed:

"34. The decisions of this Court referred to above indicate that with regard to the requirement to record reasons the approach of this Court is more in line with that of the American Courts. An important consideration which has weighed with the Court for holding that an administrative authority exercising quasi-judicial

functions must record the reasons for its decision, is that such a decision is subject to the appellate jurisdiction of this Court under article 136 of the Constitution as well as the supervisory jurisdiction of the High Courts under article 227 of the Constitution and that the reasons, if recorded, would enable this Court or the High Court to effectively exercise the appellate or supervisory power. But this is not the sole consideration. The other considerations which have also weighed with the Court in taking this view are that the requirement of recording reasons would (i) guarantee consideration by the authority; (ii) introduce clarity in the decisions; and (iii) minimise chances of arbitrariness in decision-making. In this regard a distinction has been drawn between ordinary Courts of law and Tribunals and authorities exercising judicial functions on the ground that a Judge is trained to look at things objectively uninfluenced by considerations of policy or expediency whereas an executive officer generally looks at things from the stand point of policy and expediency.

35. Reasons, when recorded by an administrative authority in an order passed by it while exercising quasi-judicial functions, would no doubt facilitate the exercise of its jurisdiction by the appellate or supervisory authority. But the other considerations, referred to above, which have also weighed with this Court in holding that an administrative authority must record reasons for its decisions are of no less significance. These considerations show that the recording of reasons by an administrative authority serves a salutary purpose, namely, it excludes chances of arbitrariness and ensures a degree of fairness in the process of decisions-making. The said purpose would apply equally to all decisions and its application cannot be confined to decisions which are subject to appeal, revision or judicial review. In our opinion, therefore, the requirement that reasons be recorded should govern the decisions of an administrative authority exercising quasi-judicial functions irrespective of the fact whether the decision is subject to appeal, revision or judicial review. It may, however, be added that it is not required that the reasons should be as elaborate as in the decision of a Court of law. The extent and nature of the reasons would depend on particular facts and circumstances. What is necessary is that the reasons are clear and explicit so as to indicate that the authority has given due consideration to the points in controversy. The need for recording of reasons is greater in a case where the

order is passed at the original stage. The appellate or revisional authority, if it affirms such an order, need not give separate reasons if the appellate or revisional authority agrees with the reasons contained in the order under challenge." [Emphasis supplied] (p. 1995)

12. In Testeels Ltd. v. N.M. Desai, Conciliation Officer AIR 1970 Guj. 1, a Full Bench of Gujarat High Court speaking through P.N. Bhagwati, J. (as his Lordship then was) made a lucid enunciation of law on the subject in the following words:—

"The necessity of giving reasons flows as a necessary corollary from the rule of law which constitutes one of the basic principles of the Indian Constitutional set up. The administrative authorities having a duty to act judicially cannot therefore decide on considerations of policy or expediency. They must decide the matter solely on the facts of the particular case, solely on the material before them and apart from any extraneous considerations by applying pre-existing legal norms to factual situations. Now the necessity of giving reasons is an important safeguard to ensure observance of the duty to act judicially. It introduces clarity, checks the introduction of extraneous or irrelevant considerations and excludes or, at any rate, minimises arbitrariness in the decision-making process.

Another reason which compels making of such an order is based on the power of judicial review which is possessed by the High Court under article 226 and the Supreme Court under article 32 of the Constitution. These Courts have the power under the said provisions to quash by certiorari a quasi-judicial order made by an Administrative Officer and this power of review can be effectively exercised only if the order is a speaking order. In the absence of any reasons in support of the order, the said Courts cannot examine the correctness of the order under review. The High Court and the Supreme Court would be powerless to interfere so as to keep the administrative officer within the limits of the law. The result would be that the power of judicial review would be stultified and no redress being available to the citizen, there would be insidious encouragement to arbitrariness and caprice. If this requirement is insisted upon, then, they will be subject to judicial scrutiny and correction." (p. 1)

13. Keeping in view the above settled principles of law and applying the same in the facts and circumstances of the present case, we are of

the view that the order passed by the CIT does not satisfy the pre-requisites of a speaking order, as the same does not contain reasons to support the order."

6. In the light of the above, if we visualize written submissions and finding given by the ld.CIT(A), then it is apparent that such finding does not contain any adjudication on the submissions of the assessee and not sustainable. Therefore, we set side finding of the ld.CIT(A) on this issue in all three years. We restore this issue to the filing of the ld.CIT(A) for re-adjudication. It is observed that the assessee has already subject to two rounds of litigations. The ld.CIT(A) shall keep in mind judgment of Full Bench of Hon'ble Punjab & Haryana High Court while re-adjudicating this issue.

7. In the assessee's appeal there is no other ground in the Asstt.Year 2003-04 except charging of interest under sections 234A/B/C & D and peripheral argument of 80IA. Thus, this appeal is treated as allowed for statistical purpose.

8. In the Revenue's appeal i.e. ITA No.2576/Ahd/2014, sole ground raised is, that the ld.CIT(A) has erred in law and on facts in deleting the disallowance made under section 80HHC of Rs.4,26,64,066/-.

9. The ld.counsel for the assessee at the very outset submitted that this issue covered in favour of the assessee by the decision of Hon'ble jurisdictional High Court rendered in the case of Avani Exports Vs. CIT, 348 ITR 391.

10. Brief facts of the case are that the assessee had claimed deduction of Rs.8,15,75,736/-. The ld.AO has disallowed deduction under section 80HHC of the Act to the extent of Rs.4,26,64,066/- on the basis of three reasoning viz.

(a) deduction under section 80HHC is to be computed after reducing deduction allowed under section 80IA and 80IB of the Act, (b) excise duty and sales-tax are to be included in the total turnover for the purpose of calculating 80HHC as required under the formula, and (c) sale proceeds of DEPB licence is to be reduced from profit of the business to the extent of Rs.4,89,81,959/-. For this purpose, the AO has relied upon the amendment brought in Finance Act, 2005 with retrospective effect. It was pointed out that this amendment has been held as unconstitutional by Hon'ble Gujarat High Court in the case of Avani Exports (supra). The matter was set aside to the AO by the Tribunal with a direction to recompute the deduction in view of amendment by the Taxation Law. The AO has passed a fresh assessment order on 30.12.2011. The ld.CIT(A) has taken cognizance of the decision of Hon'ble jurisdictional high Court which was rendered on 2.7.2012. Thus, the sale proceeds of DEPB licence are not required to be excluded from the profit of the business for calculating 80HHC. The ld.CIT(A) has followed the decision of the Hon'ble jurisdictional High Court, and there is no error in appreciating the facts and circumstances. Therefore, we do not find any merit in this ground of appeal. It is rejected.

11. In the result, the appeal of the Revenue in the Asstt.Year 2003-04 is dismissed.

12. Next common issue in the Asstt.Year 2002-03 relates to quantification of expenditure requires to be disallowed for the purpose of earning tax free income.

13. With the assistance of ld.representatives, we have gone through the record carefully. It emerges out from the record that the assessee has dividend income of Rs.1,73,50,995/- which is claimed as exempt. In order to

find out expenditure required to be disallowed under section14A, the ld.AO took help of Rule 8D and worked out the disallowance at Rs.2,00,34,000/-. Dissatisfied with the disallowance, the assessee carried the matter in appeal before the ld.CIT(A). It has submitted details of dividend receipt for the year and interest free fund available. The ld.CIT(A) restricted this disallowance to Rs.12.30 lakhs and deleted the addition of Rs.1,87,83,000/-. The finding recorded by the ld.CIT(A) on this issue reads asunder:

> *"The appellant in appeal contended that in view of Hon'ble Bombay high Ccourt order in the case of Godrej & Boyee Mfg. co. (supra), Rule 8D is prospective and applicable w.e.f. 01.04.08 and in the impugned previous year, as per ratio of this order a reasonable disallowances can be made. It was further contended that appellant's investment are very old and made out of surplus & interest free fund hence no disallowances out of interest are called for. The appellant relied on Hon'ble Bombay high court order in the case of Reliance Utilities & power Ltd. (supra), Munjal sales corporation (supra) and Hon'ble ITAT Ahmedabad order in the case of Torrent Financiers Ltd. to substantiate this contention. In reference to disallowance out of administrative expenses, it was contended that dividend received through 6 cheques were deposited with no expenditure. The A.O. in the impugned order invoked Rule 8D and made disallowance of Rs. 2,00,34,000/-.*
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> *It is undisputed that appellant was in receipt of dividend of Rs.1,73,50,995/- which is claimed as exempt. It is also undisputed that appellant had neither considered nor disallowed any expenditure relatable to such exempt income. It is also undisputed that as per the established ratio, Rule 8D has to be invoked w.e.f. 01.04.2008 and for earlier year a reasonable disallowances has to be made. As discussed above, the appellant (without prejudiced) has worked out the disallowance at Rs. 71,28,862/-. The A.O. has not discussed in impugned order why he had not accepted this computation or whether any discrepancy of figure is there.*
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> *I am inclined with appellant that the disallowances u/s 14A of the Act has to be reasonable and not as per Rule 8D. Further as far as interest disallowances, I am inclined that in view of sufficient interest free fund, reserves as well as investment made in earlier year, no such disallowances are warranted. However, I am not inclined with*

appellant that no indirect expense relatable to exempt income can be assigned on the ground that there are only six cheques of dividend. In view of considerable investment in shares & securities a considerable time of top level management is required to be devoted for monitoring of such investment. This also involved expenditure in the form of other administrative expenses. As per A.O.'s working, the disallowances out of administrative expenses are of Rs. 12.51 lac while as per appellant the same is at Rs. 5,91,630/-. In my view to adjudicate this issue on the basis of reasonability, about 10% of total exempt income can be held as reasonable. This reasonability is based on the legislation's intention of such expenditure as evident from the provisions of 80HHC, 80IA etc. where out of the receipt like interest, brokerage, DEPB etc., 90% is reduced treating 10% of such receipt is treated as expenses incurred to have such receipt. The 10% of the total exempt income of Rs. 1,73,50,999/- worked out to Rs. 17,35,099/- i.e. 17,35,100/-. The A.O's disallowance as per Rule 8D (2)(iii) is at Rs. 12.51 lac. It is therefore a reasonable disallowance of Rs. 12.51 lac as per A.O. can be held justified which incorporate the objection from appellant also .It is therefore disallowance of Rs. 12.51 lac are upheld. The A.O. is directed to delete the balance disallowance & addition of Rs. 1,87,83,000/- (20034000- 1251000). The appellant gets part relief. This ground is partly allowed."

14. With the assistance of the ld.representatives, we have gone through the record. As far as the finding of the ld.CIT(A) that disallowance cannot be made with help of Rule 8D is concerned, we do not find any error in his order, because Rule 8D has been made applicable w.e.f. 1.4.1981 [Hon'ble Bombay High Court judgment in the case of Godrej & Boyce vs. CIT, 328 ITR 81]. The second issue is whether the interest expenses could be allocated for disallowance of earning of exempt income. The ld.CIT(A) made an analysis and observed that the assessee has more surplus funds out of which it can be inferred that the investment was made. The ld.CIT(A) has made reference to the decision of Hon'ble Bombay High Court in the case of Reliance Utilities & Power Ltd., We do not find any error in the order of the ld.CIT(A) on this issue for placing this reliance as well as for holding that since the assessee was having more interest free funds, then the interest expenses cannot be

carved out with help of formula given in Rule 8D. The ld.CIT(A) has rightly deleted the disallowance with regard to the interest expenditure is concerned. So far as the disallowance worked out at Rs.12.51 lakhs by the ld.CIT(A) is concerned, it is not on sound footing. The details of dividend income has been placed in tabular form and reproduced on page no.13 of the impugned order. According to the ld.counsel for the assessee these are old investments, and this year only activity relating to such exempt income is receipt of six cheques. There is no other activity which requires incurrence of expenditure. Therefore, estimation of expenditure at Rs.12.51 lakhs is on the higher side. We scale down it to Rs.1,50,000/- which can take care of all other necessary expenditure, if any, incurred by the assessee. In view of the above discussion, we do not find any merit in the ground raised by the Revenue. It is rejected.

15. The ground of the appeal of assessee raised is partly allowed. The disallowance is restricted to Rs.1,50,000/- as against Rs.12.51 lakhs confirmed by the ld.CIT(A).

16. In the result, all three appeals of the assessee are allowed for statistical purpose and two appeals of the Revenue are dismissed.

Order pronounced in the Court on 25th June, 2019 at Ahmedabad.

Sd/-	**Sd/-**
(PRADIP KUMAR KEDIA)	**(RAJPAL YADAV)**
ACCOUNTANT MEMBER	**JUDICIAL MEMBER**

Ahmedabad; Dated 25/06/2019