



ITA No.4812/Mum/2018
Assessment Year :2014-15
Mecords India Limited

आयकर अपीलीय अधिकरण “डी” न्यायपीठ मुंबई में।
IN THE INCOME TAX APPELLATE TRIBUNAL
“D” BENCH, MUMBAI

माननीय श्री महावीर सिंह, उपाध्यक्ष एवं
माननीय श्री मनोज कुमार अग्रवाल, लेखा सदस्य के समक्ष।
BEFORE HON’BLE SHRI MAHAVIR SINGH, VP AND
HON’BLE SHRI MANOJ KUMAR AGGARWAL, AM

आयकर अपील सं./ I.T.A. No.4812/Mum/2018
(निर्धारण वर्ष / Assessment Year: 2014-15)

Mecords India Ltd. 802, Swastik Chambers Sion-Trombay Road Mumbai.	बनाम/ Vs.	Income Tax Officer-14(2)(3) Room No.461 Aaykar Bhavan M.K. Road, Mumbai.
स्थायी लेखा सं./जी आइ आर सं./PAN/GIR No. AAACM-3324-N		
(पीलार्थी/ Appellant)	:	(प्रत्यर्थी/ Respondent)

Assessee by	:	Shri I.P. Mehta-Ld.AR
Revenue by	:	Ms. Jyoti Lakshmi Nayak-Ld. DR

सुनवाई की तारीख/ Date of Hearing	:	05/02/2020
घोषणा की तारीख / Date of Pronouncement	:	12/03/2020

आदेश / ORDER

Manoj Kumar Aggarwal (Accountant Member)

1. Aforesaid appeal by assessee for Assessment Year [in short referred to as ‘AY’] 2014-15 contest the order of Ld. Commissioner of Income-Tax (Appeals)-22, Mumbai, [in short referred to as ‘CIT(A)’], Appeal No. CIT(A)-22/IT-10696/2016-17 dated 08/05/2018 on following grounds of appeal: -



1. On the facts and in the circumstances of the case and in law, the learned C.I.T.(A) erred in confirming the action of A.O partly in disallowing interest expense to the extent of Rs.7,08,213/- that too without appreciating facts and circumstances of the case fully and properly.

2. On the facts and in the circumstances of the case and in law, the learned C.I.T.(A) erred in confirming the action of A.O in respect of addition made on account of difference in interest income shown in Profit Loss Account & 26 AS of the Assessee amounting to Rs.2,39,192/- as undisclosed income that too without appreciating facts and circumstances of the case fully and properly.”

2. We have carefully heard the submissions made by both representatives. We have also perused relevant material on record. Our adjudication to issue raised in the appeal would be as given in succeeding paragraphs.

3.1 Facts on record would reveal that the assessee being resident corporate assessee was assessed for year under consideration 143(3) on 29/12/2016 wherein the returned loss of Rs.150.76 Lacs was reduced to Rs.141.29 Lacs on account of interest disallowance and certain undisclosed interest income.

3.2 Upon perusal of financial statements, it transpired that the assessee advanced loan of Rs.31.87 Lacs to one of the directors *Shri Ajit G.Mehta* and another advance of Rs.27.14 Lacs to an entity *Mehta Growell Holdings Ltd.* The advances were stated to be given as advance against salary and advance against purchase of property respectively. No interest was charged against these advances. The assessee could not substantiate the business expediency of granting these advances. Resultantly, Ld. AO estimated interest disallowance @12% against these advances u/s 36(1)(iii) which came to Rs.7.08 Lacs.

3.3 Upon perusal of Form 26AS, it transpired that the assessee received interest of Rs.12.98 Lacs. However, in the books of account,



interest income was reflected as Rs.10.59 Lacs. Accordingly, the differential of the two i.e. Rs.2.39 Lacs was added as undisclosed interest income.

4. Upon further appeal, Ld. CIT(A) observed that in appellate orders for AYs 2010-11 to 2013-14, the advances given by the assessee to these parties were held to be for non-business purpose. Further, the plea that the own funds far exceeded these advances was also rejected following its own observations given in AY 2010-11. The addition made on the basis of Form 26AS was also upheld since there was mismatch between the amount reflected in Form 26AS vis-à-vis amount reflected in financial statements. Aggrieved, the assessee is under further appeal before us.

5. Upon due consideration, we find that interest disallowance made in AY 2010-11 was subject matter of appeal before this Tribunal vide ITA No. 1013/Mum/2016 order dated 04/10/2019 wherein the disallowance was deleted, *inter-alia*, by observing that the assessee had sufficient own funds to make the advances. This decision was followed by this very bench in assessee's own case for AY 2011-12, ITA No. 1014/Mum/2016 order dated 28/01/2020 wherein interest disallowance was again deleted. Therefore, facts being *pari-materia* the same, respectfully following the consistent view of Tribunal for earlier years, we delete the interest disallowance and allow ground no.1 of the appeal.

6. The addition of Rs.2.39 Lacs on account of undisclosed interest income would require no interference on our part since no explanation has been adduced before us explaining the discrepancies. Ground No.2 stand dismissed.



7. The appeal stands partly allowed.

Order pronounced in the open court on 12th March, 2020.

Sd/-

(Mahavir Singh)

उपाध्यक्ष / **Vice President**

Sd/-

(Manoj Kumar Aggarwal)

लेखा सदस्य / **Accountant Member**

मुंबई Mumbai; दिनांक Dated : 12/03/2020
Sr.PS, Jaisy Varghese

आदेशकीप्रतिलिपिअग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकरआयुक्त(अपील) / The CIT(A)
4. आयकरआयुक्त/ CIT– concerned
5. विभागीयप्रतिनिधि, आयकरअपीलीयअधिकरण, मुंबई/ DR, ITAT, Mumbai
6. गार्डफाईल / Guard File

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकरअपीलीयअधिकरण, मुंबई / ITAT, Mumbai.