

IN THE INCOME TAX APPELLATE TRIBUNAL

“C” BENCH : BANGALORE

**BEFORE SHRI A. K. GARODIA, ACCOUNTANT MEMBER AND
SHRI PAVAN KUMAR GADALE, JUDICIAL MEMBER**

ITA No.1347/Bang/2019
Assessment years : 2014 – 15

ACIT, Circle – 4 (1) (1), Bengaluru.	vs.	M/s. Karnataka Renewable Energy Development Ltd., No. 39, Shanti Gruha Bhavan, Scouts & Guides Building, Palace Road, Bengaluru – 560 001. PAN : AACCK3953F
APPELLANT		RESPONDENT
Assessee by	:	Shri Ganesh S. Advocate
Revenue by	:	Smt. R. Premi, JCIT (DR)
Date of hearing	:	27.02.2020
Date of Pronouncement	:	29.05.2020

ORDER

Per A. K. Garodia, Accountant Member

This appeal is filed by the revenue and it is directed against the Order of CIT (A) – 9 Bengaluru dated 30.03.2019.

2. The revenue has raised as many as 7 grounds and as per Grounds No. 1 to 3, the grievance of the revenue is about deletion of the addition of Rs.

195,88,089/- in respect of interest on FDs. But as per Ground No. 2, it is stated that the CIT (A) was not justified in giving relief to the assessee by relying on the judgment of Hon'ble Karnataka High Court rendered in the case of CIT vs. Karnataka State Agricultural Produce Processing and Export Corporation limited for A. Y. 2008 – 09 which has not been accepted by the department and further appeal is pending as SLP before Hon'ble Supreme Court.

3. In this regard, in course of hearing, this was the query of the bench from the learned DR of the revenue as to whether the operation of the judgment of Hon'ble Karnataka High Court rendered in the case of CIT vs. Karnataka State Agricultural Produce Processing and Export Corporation limited for A. Y. 2008 – 09 followed by CIT (A) is stayed by Hon'ble Supreme Court. This was also a query as to whether this judgment is not applicable in the present case because of any difference in facts or for any other reason or whether this judgment is reversed by Hon'ble apex court by now. In reply, learned DR of the revenue could not point out about stay of operation or reversal of this judgment of Hon'ble Karnataka High Court rendered in the case of CIT vs. Karnataka State Agricultural Produce Processing and Export Corporation limited for A. Y. 2008 – 09 and she also could not point out any valid reason because of which the CIT (A) was not correct in following this judgment in the present case. Hence, we decline to interfere in the order of CIT (A) about first issue in respect of interest income as per Grounds 1 to 3.

4. Regarding Grounds 4 and 5 about relief allowed by CIT (A) of Rs. 43,91,499/- out of total disallowance by the AO of Rs. 46,63,097/-, learned DR of the revenue supported the assessment order and learned AR of the assessee supported the order of CIT (A).

5. We have considered the rival submissions. We find that in Para 18 and 19 of his order, learned CIT (A) has noted the various schemes for which grants were received by the assessee from the Karnataka Government and break up of the expenses of Rs. 46,63,097/- claimed by the assessee and a categorical finding is given by him that only one item of expenses of Rs. 271,598/- for Belaku Yojana Scheme is in respect of a scheme for which grant is received by the assessee and he has disallowed this amount and in respect of the balance amount allowed by him, he has given a categorical finding that

these are business expenses of the assessee and for any scheme for which grant is received by the assessee. These findings of CIT (A) could not be controverted by the learned DR of the revenue and therefore, on this issue also, we decline to interfere in the order of CIT (A).

6. In the result, the appeal of the revenue is dismissed.

Pronounced in the open court on the date mentioned on the caption page.

Sd/-
(PAVAN KUMAR GADALE)
Judicial Member

Sd/-
(A.K. GARODIA)
Accountant Member

Bangalore,

Dated: 29th May, 2020.

/NS/*

Copy to:

1. Appellants
2. Respondent
3. CIT
4. CIT(A)
5. DR, ITAT, Bangalore.
6. Guard file

By order

Assistant Registrar,
ITAT, Bangalore.