

**IN THE INCOME TAX APPELLATE TRIBUNAL,
DELHI BENCH: 'C' NEW DELHI**

**BEFORE SHRI SAKTIJIT DEY, JUDICIAL MEMBER
AND
PRADIP KUMAR KEDIA, ACCOUNTANT MEMBER**

ITA No.6737/Del/2017
Assessment Year: 2011-12

Guardian Nutrition & Health Supplements Pvt. Ltd., LP-8C, Pitampura, New Delhi – 1100 88	Vs.	DCIT, Circle-10(2), New Delhi.
PAN :AACCG2848K		
(Appellant)		(Respondent)

Appellant by	N o n e
Respondent by	Ms. Anupama Singla, Sr. DR

Date of hearing	01.06.2022
Date of pronouncement	10.06.2022

ORDER

PER SAKTIJIT DEY, JUDICIAL MEMBER:

This is an appeal by the assessee against order dated 19.06.2017 of learned Commissioner of Income-Tax(Appeals)- 18, New Delhi for the assessment year 2011-12.

2. When the appeal was called for hearing, none appeared on behalf of assessee to represent the case.

3. As could be seen from the record, the appeal was earlier listed for hearing on 23.12.2020, 04.03.2021, 06.07.2021, 09.09.2021, 09.11.2021, 29.12.2021 and 14.03.2022. However, on none of these dates, assessee either appeared or sought any adjournment despite issuance of several notices of hearing. In fact, orders passed by the Bench on 09.11.2021, 09.12.2021, 14.03.2022 were also uploaded in the official website. Still, there is no response from the assessee. These facts on record clearly reveal the complete lack of interest on the part of assessee in pursuing the present appeal. Since, sufficient opportunity of hearing has already been granted to assessee, which assessee has failed to avail, we proceed to dispose of the appeal ex parte qua the assessee and based on material available on record. The only effective ground raised by assessee is as under:

“1. That in the fact and circumstances of the case, the CIT(A) erred in sustaining addition to the extent of Rs.27,50,736/- made by the A.O. as disallowance of interest, bank charges etc. incurred by assessee company.”

4. Briefly, the facts are, assessee is a resident individual. For the year under dispute, assessee filed his return of income declaring loss of Rs.79,87,269. In course of assessment proceedings, Assessing Officer noticed that assessee has debited interest expenditure of Rs.34,81,668, whereas, it has not charge any

interest on an amount of Rs.8,50,00,000 advanced to its related company. Thus, he called upon the assessee to explain why interest expenditure should not be disallowed. Though, assessee justified the deduction claimed, however, Assessing Officer was unconvinced. He held that since assessee had advanced interest free loan to its related party, assessee had to utilize borrowed fund for its day to day business activity, thereby, incurring interest expenditure. Thus, he disallowed the amount of Rs.34,81,668. While deciding the issue in appeal, learned Commissioner (Appeals), though, agreed with the Assessing Officer that the interest expenditure incurred by the assessee is not for the business, however, he restricted the disallowance to Rs.27,50,736, being the interest on cash credit facility.

5. We have heard learned Departmental Representative and perused the material available on record.

6. As could be seen from the facts on record, assessee in the year under consideration, has advanced interest free loan to one of its related party. Before the departmental authorities, assessee had contended that the advance made to the related party was out of interest free fund available. However, no supporting evidence has been filed by assessee to back the aforesaid claim. Thus, in absence of any cogent evidence to demonstrate that assessee had sufficient interest free

fund available to advance the fund to the related party without charging interest, we are unable to accept assessee's claim. Ground is dismissed.

7. In the result, the appeal is dismissed.

Order pronounced in the open court on 10th June, 2022.

**Sd/-
(PRADIP KUMAR KEDIA)
ACCOUNTANT MEMBER**

**Sd/-
(SAKTIJIT DEY)
JUDICIAL MEMBER**

Dated: 10th June, 2022.
Mohan Lal

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, New Delhi