

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

**BEFORE SH. N. K. BILLAIYA, ACCOUNTANT MEMBER  
AND  
MS. ASTHA CHANDRA, JUDICIAL MEMBER**

ITA No.7634/Del/2019  
Assessment Year: 2016-17

<b>Morgan Credits Private Limited, 15<sup>th</sup> Floor, Tower-A, One Indiabulls Centre, Senapati Bapat Marg, Lower Parcel, Mumbai, Maharashtra-400013 PAN No.AADCM6735E</b>	<b>Vs</b>	<b>ACIT Circle – 17 (1) New Delhi</b>
<b>(APPELLANT)</b>		<b>(RESPONDENT)</b>

Appellant by	None
Respondent by	Ms. Smita Singh, Sr DR

Date of hearing:	31/07/2023
Date of Pronouncement:	31/07/2023

**ORDER**

**PER N. K. BILLAIYA, AM:**

This appeal by the assessee is preferred against the order of the CIT(A)-6, Delhi dated 17.07.2019 pertaining to A.Y. 2016-17.

2. The grievance of the assessee read as under :

1. *That on the facts, in the circumstances of the case and in Law,*

*the learned Commissioner of Income-Tax . (Appeals) erred in passing Appeal order without correctly appreciating the factual and legal submissions of the Appellant.*

2. *That the learned Commissioner of Income-Tax (Appeals) has wrongly disallowed entire Interest Expenses amounting to Rs. 1,83,31,967/- without correctly appreciating the factual and legal submissions. The Ld. Commissioner of Income Tax (Appeals) erred in stating that no business has been carried out by the assessee company within the meaning of Section 2(13). Further, the CIT (Appeals) has incorrectly construed that the activity of holding of investment is not a “business” and accordingly, it does not entitle the assessee to claim interest as a business expenditure.*

3. *Further, The Ld. Commissioner of Income Tax (Appeals) failed to appreciate :*

a. *That the Appellant, being a Holding Company has invested into Equity of subsidiaries for furtherance of business via its subsidiaries.*

i) *That the activity of holding of investment is a “business” within the meaning of Section 2( 13) of the Act, since the definition under Section 2(13) is an inclusive definition, and not an exclusive definition under the Income Tax Act, and the activity of investment is a business of commerce”, wherein you are dealing with investments.*

ii) *Further, the Company, is a Core Investment Company (CIC), under Core Investment Companies (Reserve Bank) Directions, 2016, which implies that the main business activity of the Company, is that of investments.*

b. *That the interest expenditure claimed by the assessee under section 36(l)(iii) is fully allowable since the fund has been used for the business purpose within the meaning of Chapter IV-D of the Income Tax Act.*

c. *That the decision of the Hon’ble Supreme Court in the case of*

*S.A. Builders, is based on the similar facts of our case, and accordingly, if any loan is advanced or investment made in any subsidiary under commercial expediency, then the Interest expense shall be allowable as Business expenditure u/s 36(l)(iii) of the Income Tax Act 1961 ;*

*a. That, the Hon'ble Supreme Court, in 2015, has reiterated its own decision of S. A. Builders, in the case of Hero Cycles Private Limited vs. Commissioner of Income Tax (Central) Ludhiana, in 2015.*

*4. The Assessee craves to add, alter, delete or modify or withdraw any of above grounds of appeal at the time of hearing of the appeal.*

3. This appeal was first listed for hearing on 14.01.2021. Thereafter the appeal was listed on 12 occasions with notice to the assessee but none appeared on behalf of the assessee. Today we decided to proceed exparte.

4. The DR was heard at length. Case records carefully perused.

5. The quarrel is in respect of the disallowance on account of interest claimed by the assessee. We have carefully perused the reasons for disallowance and the findings of the CIT(A). We do not find any error or infirmity in the findings of the CIT(A). The appeal of the assessee dismissed.

6. Decision announced in the open court on 31.07.2023.

Sd/-  
**[ASTHA CHANDRA]**  
**JUDICIAL MEMBER**

Dated: .07.2023

\*Neha\*

Copy forwarded to:

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

Sd/-  
**[N.K. BILLAIYA]**  
**ACCOUNTANT MEMBER**

Asst. Registrar  
ITAT, New Delhi