

**IN THE INCOME-TAX APPELLATE TRIBUNAL "A" BENCH,  
MUMBAI**

**BEFORE MS. KAVITHA RAJAGOPAL, JUDICIAL MEMBER  
&  
SMT. RENU JAUHRI, ACCOUNTANT MEMBER**

**ITA No. 1670/MUM/2024  
(A.Y. 2014-15)  
ITA No. 4863/MUM/2023  
(A.Y. 2021-22)**

L & T Finance Holdings Ltd. (Successor of L&T Finance Ltd.) Plot 177, Brindavan Building, CST Road, Kalina, Santacruz (E), Mumbai-400098	v/s. बनाम	DCIT, Circle 2(2)(1), Mumbai Aayakar Bhawan, Maharshi Karve Road, Mumbai-400020
<b>स्थायी लेखा सं./जीआइआर सं./PAN/GIR NO: AACCA1963B</b>		
<b>Appellant/अपीलार्थी</b>	<b>..</b>	<b>Respondent/प्रतिवादी</b>

**ITA No. 4136/MUM/2023  
(A.Y. 2017-18)**

L & T Credit Limited (Formerly known as L&T Infra Debt Fund Ltd.) Plot 177, Brindavan Building, CST Road, Kalina, Santacruz (E), Mumbai-400098	v/s. बनाम	DCIT(Exemption)-1(1), Mumbai Room No. 607, 6 <sup>th</sup> Floor, Cumballa Hill MTNL TE Building, Peddar Road, Dr. Gopalrao Deshmukh Marg, Mumbai-400026
<b>स्थायी लेखा सं./जीआइआर सं./PAN/GIR No: AACCL4493R</b>		
<b>Appellant/अपीलार्थी</b>	<b>..</b>	<b>Respondent/प्रतिवादी</b>

ITA No. 1670, 4136, 4085 & 4863/MUM/2023  
A.Ys. 2014-15, 2017-18 & 2021-22  
L & T Infra Credit Limited  
(Formerly known as L & T Debt Fund Ltd.)

**ITA No. 4085/MUM/2023  
(A.Y. 2017-18)**

DCIT(Exemption)-1(1), Mumbai Room No. 607, 6 <sup>th</sup> Floor, Cumballa Hill MTNL TE Building, Peddar Road, Dr. Gopalrao Deshmukh Marg, Mumbai-400026	v/s. बनाम	L & T Credit Limited (Formerly known as L&T Infra Debt Fund Ltd.) Plot 177, Brindavan Building, CST Road, Kalina, Santacruz (E), Mumbai-400098
<b>स्थायी लेखा सं./जीआइआर सं./PAN/GIR No: AACCL4493R</b>		
<b>Appellant/अपीलार्थी</b>	..	<b>Respondent/प्रतिवादी</b>

Assessee by :	Shri Prashant Jaiswal
Revenue by :	Dr. K. R. Subhash

Date of Hearing	13.01.2025
Date of Pronouncement	28.01.2025

**आदेश / ORDER**

**PER BENCH:-**

These appeals are filed by the assessee and the revenue against the orders of the Learned Commissioner of Income-tax (Appeals), Mumbai/National Faceless Appeal Centre, Delhi [hereinafter referred to as "CIT(A)"] passed u/s. 250 of the Income-tax Act, 1961 [hereinafter referred to as "Act"] for Assessment Years [A.Y.] 2014-15, 2017-18 & 2021-22.

2. The assessee has raised following grounds of appeal:

**For AY 2014-15**

*"That, on the facts and in the circumstances of the case, the Ld. CIT(Appeals) was not justified and grossly erred in upholding the validity of proceedings u/s*



147 even though the same has been initiated in utter disregard of the express provision of the Act and thus, the order passed u/s 147 is without jurisdiction and therefore bad in law.

That, on the facts and in the circumstances of the case and without prejudice to Ground No. 1 taken here-in-above, the Ld. CIT(Appeals) was not justified and grossly erred in sustaining the disallowance of claim of exemption u/s 10(47) disregarding the fact that the appellant being an RBI registered IDF-NBFC has been fulfilling all conditions specified under Rule 2F of Income Tax Rules, 1962.

That the appellant craves leave, to add, amend, modify, rescind, supplement, or alter any of the grounds stated here-in- above, either before or at the time of hearing of this appeal.”

#### **For AY 2017-18**

“1. That on the facts and in the circumstances of the case, the Ld. CIT(A) was not justified and grossly erred in upholding the validity of proceedings u/s 147 even though the same has been initiated in utter disregard of the express provision of the Act and thus, the order passed u/s 147 is without jurisdiction and therefore bad in law.

2. That on the facts and in the circumstances of the case and without prejudice to Ground No. 1 taken here-in-above, the Ld. CIT(A) was not justified and grossly erred in sustaining the disallowance of claim of exemption u/s 10(47) disregarding the fact that the appellant being a RBI registered IDF-NBFC has been fulfilling all conditions specified under Rule 2F of Income Tax Rules, 1962.

3. That the appellant craves leave, to add, amend, modify, rescind, supplement, or alter any of the grounds stated here-in-above, either before or at the time of hearing of this appeal.”

#### **For AY 2021-22**

“1. That on the facts and in the circumstances of the case, the Ld. CIT(Appeals) was not justified rather grossly erred in not granting an opportunity of personal hearing through video conferencing thereby violating the mandatory procedure laid down vide Para 12(3) of the Faceless Appeal Scheme, 2021 and thus, the order u/s 250 dated 03-11-2023 is in utter disregard of the principles of natural justice and therefore, bad in law and liable to be quashed.

2. That on the facts and in the circumstances of the case, and without prejudice to Ground No. 1(a) & 1(b) taken here-in- above, the Ld. CIT (Appeals) was not justified rather grossly erred in confirming the disallowance of deduction claimed u/s 80JJAA to the extent of Rs. 42,46,484/-.

3. That the appellant craves leave, to add, amend, modify, rescind, supplement, or alter any of the grounds stated here-in-above, either before or at the time of hearing of this appeal.”

### 3. Grounds of appeal of the revenue are as under:

“1 Whether, on the facts and circumstances of the case and in law, the Ld. CIT(A) erred in allowing relief towards exemption u/s 10(47) to the extent of Rs. 104,32,90,768/-



*ignoring the fact that Assessee has not furnished any documentary evidence with regard to reducing the exemption u/s 10(47) of the I T Act after filing of return of income against notice u/s 148 and allowing relief of Rs.2,41,90,66,050/- and nor is eligible for the claim of exemption.”*

4. At the outset, Ld. AR submitted that in respect of following appeals, the applications under Vivad Se Vishwas Scheme (VSVS) have been filed by the assessee.

- a. ITA No. 4085/Mum/2023 AY 2017-18 L&T Credit Ltd. (Formerly known as L&T Infra Debt Fund Ltd.)(Revenue’s appeal)
- b. ITA No. 4136/Mum/2023 AY 2017-18 L&T Credit Ltd. (Formerly known as L&T Infra Debt Fund Ltd.)
- c. ITA No. 1670/Mum/2023 AY 2014-15 L & T Finance Holdings Ltd. (Successor of L&T Finance Ltd.)

5. In view of the fact that the assessee has filed application under VSVS and Form 2 has also been issued for AY 2014-15 on 09.01.2025 , we dismiss the appeal as withdrawn for AY 2014-15. For AY 2017-18, the issue of Form 2 by the Department is awaited. Therefore, both the appeals for AY 2017-18 are also disposed of as withdrawn with the liberty to either party to request for revival of the appeals in case the VSVS application does not become final.

#### **ITA No. 4863/Mum/2023 for AY 2021-22**

6. The sole substantive issue involved in this case is with regard to the disallowance of deduction claimed u/s 80JJAA of the Act to the extent of Rs. 42,46,484/-. The other ground is with regard to the violation of mandatory



procedure laid down in the Faceless Appeal Scheme, 2021 for grant of personal hearing as requested by the assessee.

7. Brief facts of the case are that the assessee filed return for AY 2021-22 declaring total income of Rs 2003,53,96,630/-. This return was filed after incorporating effects of the transactions undertaken by the L&T Housing Finance Ltd [LTHFL] and L&T Infrastructure Ltd. [LTIL] which got amalgamated with the assessee w.e.f. 01.04.2020 as per the scheme of amalgamation approved vide NCLT's order dated 19.03.2021. In the return, the assessee claimed deduction u/s 80JJAA at Rs 62,18,12,938/-. This amount included 30% of the additional employees cost incurred by LTHFT (Amalgamating company) amounting to Rs. 42,46,484/-. Ld. AO after referring to the provisions to section 80JJAA(2) held that the deduction relating to amalgamating companies was not allowable in the hands of the assessee, hence he disallowed a sum of Rs. 42,46,484/- while finalizing the assessment order u/s 143(3) of the Act.

8. Aggrieved with the order, the assessee filed an appeal before Ld. CIT(A). The assessee also made a request for granting opportunity of personal hearing through video conferring to make his submissions before Ld. CIT(A) on the issue. However, Ld. CIT(A) vide order dated 03.11.2023 upheld the order of the Ld. AO without giving opportunity for personal hearing.



Aggrieved with the order of the Ld. CIT(A), the assessee is in appeal before the Tribunal.

9. Before us, Ld. AR pointed out that the disallowance has been made on incorrect interpretation of the provisions of section 80JJAA of the Act. The LTHFL had already claimed deduction u/s 80JJAA for earlier two years. The deduction for the remaining third year allowable u/s 80JJAA has been claimed by the assessee consequent upon merger of LTHFL with it as per the scheme of merger. As such, the disallowance made by the Ld. AO has wrongly been upheld by the Ld. CIT(A). Further, the assessee was denied the opportunity of personal hearing through video conferencing by Ld. CIT(A) in total violation of procedure laid down vide Para 12 Subsection 3 of the Faceless Appeal Scheme 2021, and therefore, requested to remand the matter back to the Ld. CIT(A).

10. Ld. DR, on the other hand, vehemently argued for upholding the orders of lower authorities on the ground that the disallowance has been made in view of clear provisions of section 80JJAA in this regard.

11. We have heard the rival submissions and perused the material placed before us. We are of the view that the issue needs proper examination for which the assessee should have been provided adequate opportunity by the Ld. CIT(A). We, therefore, restore the matter back to the Ld. CIT(A) with directions



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to provide an opportunity of personal hearing through video conferring as requested by the assessee before deciding the issue afresh.

12. In the result, the appeal of the assessee for AY 2021-22 is allowed for statistical purposes.

Order pronounced in the open court on 28.01.2025.

**Sd/-**

**KAVITHA RAJAGOPAL**

**(न्यायिक सदस्य/JUDICIAL MEMBER)**

**Sd/-**

**RENU JAUHRI**

**(लेखाकार सदस्य/ACCOUNTANT MEMBER)**

Place: मुंबई/Mumbai

दिनांक /Date 28.01.2025

अनिकेत सिंह राजपूत/ स्टेनो

**आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त / CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण DR, ITAT, Mumbai
5. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//  
आदेशानुसार/ BY ORDER,

**उप/सहायक पंजीकार (Dy./Asstt. Registrar)**  
**आयकर अपीलीय अधिकरण/ ITAT, Bench,**  
**Mumbai.**



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