

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

**BEFORE SHRI S.RIFAUR RAHMAN, ACCOUNTANT MEMBER
and
SHRI ANUBHAV SHARMA, JUDICIAL MEMBER**

**ITA No.3576/DEL/2018
(Assessment Year : 2012-13)**

**ITA No.1774/DEL/2019
(Assessment Year : 2010-11)**

**ITA No.1775/DEL/2019
(Assessment Year : 2013-14)**

**ITA No.1776/DEL/2019
(Assessment Year : 2013-14)**

Goldfield Sales Agencies Limited,
C/o RRA TAXINDIA,
D-28, South Extension Part 1,
New Delhi – 110 049.

vs.

DCIT,
Central Circle 2,
Faridabad.

(PAN : AACCG9621Q)

(APPELLANT)

(RESPONDENT)

ASSESSEE BY : Shri Somil Agarwal, Advocate
Ms. Shilpa Gupta, CA
REVENUE BY : Shri Om Prakash, Sr. DR

Date of Hearing : 01.05.2025/05.05.2025
Date of Order : 30.06.2025

ORDER

PER S.RIFAUR RAHMAN, ACCOUNTANT MEMBER :

1. These appeals are filed by the assessee against the order of the Learned Commissioner of Income Tax (Appeals)-2, Gurgaon [“Ld. CIT (A)”], for

short] dated 23.02.2018 for AY 2012-13 and dated 30.11.2018 for Assessment Years 2010-11, 2013-14 & 2013-14.

2. Since the issues are common and the appeals are connected, hence the same are heard together and are being disposed off by this common order.

First we take up ITA No.3576/Del/2018 for AY 2012-13 as lead case and the assessee has raised the revised following grounds of appeal :-

“1) That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in confirming the action of the Ld. A.O. in assuming jurisdiction to issue notice u/s 143(2) of the Act and has further erred in making the impugned assessment without having valid jurisdiction over the assessee and more so when the entity in whose name jurisdiction was assumed did not exist.

2) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the action of Ld. A.O., issue of notice u/s 143(2) of the Act in the name of M/s Goldfield Sales Agencies Ltd. is bad in law and against the facts and circumstances of the case and the order passed u/s 143 (3) of the Act, in the name of M/s Goldfield Sales Agencies Ltd. is void ab-initio.

3) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the action of Ld. A.O. in making disallowance of freight charges of Rs.1,06,65,085/- u/s 37(1) of the Income Tax Act, 1961 vide para-3 of the assessment order and more so by alleging failure of assessee to produce bills and vouchers.

4) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the disallowance of Rs.1,06,65,085/- is bad in law and against the facts and circumstances of the case.

5) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the action of Ld. A.O. in making disallowance of Rs.33,10,0221/- u/s 36(1)(iii) being interest expenses claimed allegedly on the basis that interest bearing funds were utilized for advancing non-interest bearing loans and advances.”

3. At the time of hearing, ld. AR of the assessee submitted that assessee does not prefer to press Ground Nos.1 & 2, accordingly the same are dismissed.

4. With regard to Ground No.3, the relevant facts are, during search and seizure operation carried out at various premises of SRS Group, large number of incriminating documents was seized which led to the finding that these companies from whom the assessee has recorded sales and purchases are controlled by SRS Group. In post search enquiries, the Assessing Officer observed, it was revealed that these companies are floated by the assessee group and these companies has shown purchases/sales within the group companies without actual being carried out by these companies and only bills were issued. He observed that these companies are created by SRS Group just to book sales and purchases and to inflate expenses. The assessee is selling on rate to rate basis within the group companies without making any profit, in the process shown huge losses. When the assessee was asked to explain these transactions but it does not give any convincing reply on these issues. All the sales and purchases are taken place among the group companies only. The Assessing Officer observed that assessee has incurred freight charges at Rs.1,08,44,872/- during the year. When the assessee was asked to produce bills and vouchers of these expenses but it failed to produce the same. Accordingly, in absence of actual business activities, he observed that these expenses cannot be held to be justified and are not allowable. Accordingly, he proceeded to disallow the

abovesaid expenditure and reduced the losses claimed by the assessee to that extent.

5. Aggrieved with the above order, assessee preferred an appeal before the Id. CIT(A)-2, Gurgaon. After considering the detailed submissions, Id. CIT (A) dismissed the appeal filed by the assessee by observing as under:-

“ There are no godowns owned or taken on rent by the appellant. This means that there is no place where appellant can store or keep the voluminous buildings material and grocery items. It is also significant to note that the appellant is selling material on rate-to-rate basis within the group companies without making any profit in the process thereby incurring huge losses. These transactions are intentionally not undertaken at arm's length and hence genuineness of expenditure incurred on freight charges is disproportionate and highly questionable. The inflated expenditure is also reflected in poor Gross Profit rate admitted by the appellant and negative net profit which only goes to prove the point that such freight expenses are bogus. Further, a perusal of the details of entire cartage and freight expenditure claimed by appellant for which, the copies of the Ledger account were furnished, the following facts are noticed -

1. No description of the items being transported is given anywhere.
2. All payments are made in cash.
3. No description of the vehicle which was used to carry the goods.
4. No names of the parties for whom the goods were being transported.
5. No description or name of place/godown/site, where they were being carted to.

The above observation clearly proves that the freight expenses claimed are bogus.

In the light of above, I confirm the disallowances of Rs.1,08,44,872/- as made by the Assessing Officer.”

The appeal on these grounds is dismissed.

6. Aggrieved with the above order, assessee is in appeal before us. At the time of hearing, Id. AR of the assessee brought to our notice relevant

facts on record and submitted that assessee has declared turnover of Rs.359 crores and Assessing Officer chose to disallow only the freight expenditure which is legitimately claimed by the assessee as proper expenditure. In this regard, he submitted that in the similar facts on record, ITAT decided the issue in favour of the assessee in ITA No.1773/Del/2019 dated 21.02.2025. He brought to our notice page 9 of the paper book and submitted that assessee has declared sales of Rs.359.47 crores during the year and also brought to our notice page 14 of the paper book which is the expenditure of cartage outward was claimed which was denied by the Assessing Officer and prayed that the addition may be deleted.

7. On the other hand, ld. DR of the Revenue relied on the findings of the lower authorities.
8. Considered the rival submissions and material placed on record. We observed that the coordinate Bench in the case of Upright Enterprises Pvt. Ltd. vs. DCIT in ITA No.1773/Del/2019 dated 21.02.2025 considered the similar facts on record, also relating to same group of companies i.e. SRS Group and decide the issue in favour of the assessee. Relevant findings are as under :-

“4. We are of the considered view that the financials of an assessee and the duly audited accounts based on bills and vouchers verified in the audit and expenditure being of the nature of freight cannot be doubted without finding the revenue from business of

building construction material supply itself to be bogus. If it was a case of inflation of expenses that also required due inquiry and mere suspicion for being a part of group upon which the search was conducted is not sufficient to make the disallowance. It is settled proposition of law that suspicion howsoever strong cannot take place of proof. Even in quasi judicial proceedings the gap between may be true and must be true should be covered by the Id. Tax authorities to discredit an expenditure on standalone basis without examining the nature of business and financials, as same has not been done we are inclined to sustain the grounds. The appeal is allowed and the impugned addition is deleted.”

9. Respectfully following the above decision, we are inclined to allow Ground Nos.3 & 4 raised by the assessee.
10. With regard to Ground No.5 & 6 are general in nature, hence not adjudicated.
11. In the result, the appeal being ITA No.3576/Del/2018 for AY 2012-13 filed by the assessee is partly allowed.
12. The assessee in ITA No.1774/Del/2019 for AY 2010-11 has raised the following revised grounds of appeal :-

“1) That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in confirming the action of the Ld. A.O. in assuming jurisdiction to issue notice u/s 148 of the Income Tax Act, 1961 and the consequent assessment proceedings in the case and the assessment order passed are bad in law and against the facts and circumstances of the case and void-ab initio, and more so when the entity in whose name jurisdiction u/s 147 and 148 of the Act was assumed and assessment was framed did not exist, and basic jurisdictional conditions and pre-requisites under section 147 to 151 of the Act were not met.

2) That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in confirming the action of the Ld. A.O. and recording the reasons and issue of notice u/s 148 and 143(2) of the Act in the name of M/s Goldfield Sales Agencies Ltd. are bad in law and against the

facts and circumstances of the case and the order passed u/s 143 (3)/14 7 of the Act, in the name of M/s Goldfield Sales Agencies Ltd. is void ab-initio.

3) That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in confirming the action of Ld. A.O. in making disallowance of freight charges of Rs.69,51,981/- u/s 37(1) of the Income Tax Act, 1961 vide para-3 of the assessment order and that too without proper appreciation of facts on record, and by recording incorrect facts and findings, and making allegations without any basis, material or evidence and merely on the basis of surmises and conjectures and without observing the principal of natural justice.

4) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the addition of Rs.69,51,981/- is bad in law and against the facts and circumstances of the case.

5) That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in confirming the action of Ld. A.O. in making additions of Rs.63,805/- u/s 14A r/w Rule 8D of Income Tax Act, 1961 on account of expenses allegedly relating to the exempt income.

6) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the addition of Rs.63,805/- is bad in law and against the facts and circumstances of the case.

7) That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in confirming the action of Ld. A.O. in passing the impugned order without giving adequate opportunity of being heard and by not observing the principles of natural justice.”

13. At the time of hearing, ld. AR of the assessee did not press Ground Nos.1 & 2, accordingly the same are dismissed.
14. With regard to Ground Nos.3 & 4, our above findings in AY 2012-13 applies mutatis mutandis to these grounds, hence Ground Nos.3 & 4 are allowed.
15. With regard to Ground Nos.5 & 6, at the time of hearing, ld. AR of the assessee submitted that the assessee has declared dividend income of Rs.1,45,600/- in respect of the investment made in shares. He brought to

our notice para 4 of the assessment order wherein the Assessing Officer has merely discussed the investment and dividend income earned by the assessee, however failed to record proper satisfaction. He submitted that even though the disallowance made by the Assessing Officer is very small amount, still he submitted that without recording proper satisfaction, the Assessing Officer should not have proceeded to make disallowance u/s 14A.

16. On the other hand, ld. DR of the Revenue relied on the findings of the lower authorities.
17. Considered the rival submissions and material placed on record. We observed that no doubt, Assessing Officer observed that assessee has declared income of Rs.1,45,600/- and assessee has disallowed an amount of Rs.63,805/- under protest relying on the decisions of ITAT, Chandigarh Bench and ITAT, Mumbai Bench. Since assessee has disallowed certain expenditure and Assessing Officer has not recorded proper satisfaction before proceeding to make addition u/s 14A of the Act. With the above observation, therefore, we are inclined to allow these grounds raised by the assessee by deleting the disallowance u/s 14A with the observation that no proper satisfaction was recorded.
18. Grounds No.7 is general in nature, hence not adjudicated.

19. In the result, the appeal being ITA No.1774/Del/2019 for AY 2010-11 is partly allowed.
20. The assessee in ITA No.1775/Del/2019 for AY 2013-14 has raised the following revised grounds of appeal :-

“1) That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in confirming the action of the Ld. A.O. in assuming jurisdiction to issue notice u/s 143(2) of the Act and has further erred in making the impugned assessment without having valid jurisdiction over the assessee and more so when the entity in whose name jurisdiction was assumed did not exist.

2) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the action of Ld. A.O., issue of notice u/s 143(2) of the Act in the name of M/s Goldfield Sales Agencies Ltd. is bad in law and against the facts and circumstances of the case and the order passed u/s 143 (3) of the Act, in the name of M/s Goldfield Sales Agencies Ltd. is void ab-initio.

3) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the action of Ld. A.O. in making disallowance of freight charges of Rs.96,47,414/- u/s 37(1) of the Income Tax Act, 1961 vide para-3 of the assessment order and that too without proper appreciation of facts on record and by recording incorrect facts and findings, and making allegations without any basis, material or evidence and merely on the basis of surmises and conjectures and without observing the principal of natural justice.

4) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the disallowance of Rs.96,47,414/- is bad in law and against the facts and circumstances of the case.

5) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the action of Ld. A.O. in making addition of Rs.26,910/- solely on the basis of Form 26AS and that too in the impugned assessment year.

6) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the addition of Rs. 26,910/- is bad in law and against the facts and circumstances of the case.

7) That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in confirming the action of Ld. A.O. in withdrawing the claim of brought forward and carry forward losses and unabsorbed depreciation vide para-5 of the assessment order and that too without proper appreciation of facts on record, and by recording incorrect facts and findings and without observing the principal of natural justice.

8) That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in confirming the action of Ld. A.O. in passing the impugned order without giving adequate opportunity of being heard and by not observing the principles of natural justice.”

21. At the time of hearing, ld. AR of the assessee did not press Ground Nos.1 & 2, accordingly the same are dismissed.
22. With regard to Ground Nos.3 & 4, our above findings in AY 2012-13 applies mutatis mutandis to these grounds, hence Ground Nos.3 & 4 are allowed.
23. With regard to Ground Nos.5 & 6, ld. AR of the assessee submitted that Assessing Officer proceeded to make the addition of Rs.26,910/- solely on the basis of Form 26AS. He submitted that the assessee has declared the mismatch amount of Rs.26,910/- found from Form 26AS in the subsequent year. Therefore, it amounts to double taxation. He prayed that since the assessee has already declared the abovesaid amount in the subsequent assessment year, the addition cannot be made in this assessment year.
24. On the other hand, ld. DR of the Revenue relied on the findings of the lower authorities.
25. Considered the rival submissions and material placed on record. We observed that mismatch amount of receipts declared in Form 26AS and the actual receipts declared by the assessee amounting to Rs.26,910/-. It

is brought to our notice that the abovesaid difference is already declared by the assessee in the subsequent assessment year. That being so, the same addition cannot be made in this current assessment year. Accordingly, Ground Nos.5 & 6 raised by the assessee are allowed.

26. With regard to Ground No.7, ld. AR of the assessee submitted that the Assessing Officer observed that assessee has claimed brought forward losses during the year and he noticed from the reply dated 15.03.2016 wherein assessee has stated that it had got merged with Sucon India Limited w.e.f. 01.04.2014 and loss is not being carried forward by the merger company. In support of his claim, assessee has filed copy of ITR, copy of ITR of the merged company i.e. Sucon India Limited. He brought to our notice the observation of the Assessing Officer that assessee itself has submitted that the carried forward, brought forward losses are infructuous and have no impact on the taxable income of the assessee, therefore, claim of the assessee regarding the brought forward and carried forward business losses, long term capital loss and unabsorbed depreciation as shown in its computation of income is hereby withdrawn. The Assessing Officer observed that the assessee is not entitled to carry forward losses. Accordingly, he disallowed an amount of Rs.3,53,04,350/- as losses withdrawn by the assessee.

27. In appeal before the Id. CIT (A), no doubt assessee has raised Ground No.9. However in the appellate proceedings, assessee has not pressed the abovesaid issue and accordingly the same was dismissed by the Id. CIT(A).
28. Before us, Id. AR of the assessee submitted that the business of the assessee was merged on 01.04.2014 and losses incurred upto AY 2013-14, the assessee is eligible to carry forward the same in the merged enterprises and he prayed that the abovesaid carried forward losses may be allowed.
29. On the other hand, Id. DR of the Revenue relied on the findings of the lower authorities and submitted that the assessee has not claimed the same before the lower authorities.
30. Considered the rival submissions and material available on record. We observed that the assessee has declared carried forward losses in its books of account and it was submitted before us that the abovesaid brought forward and carried forward losses is not being carried forward by the merged company. Accordingly, the Assessing Officer has disallowed the same. However, in the appellate proceedings, assessee has raised separate ground before the Id. CIT (A) as well as before us. We observed that for some reason, assessee has not made any submissions before the Id. CIT (A). After considering the detailed submissions, we are inclined

to remit this issue back to the file of Assessing Officer to verify the same as per law whether assessee is allowed to carry forward and brought forward losses to the merged company and if so, the same may be allowed after due verification as per law, needless to add assessee may be provided opportunity of being heard. Accordingly, Ground No.7 raised by the assessee is allowed for statistical purposes.

31. Ground No.8 is general in nature, hence the same is not adjudicated.
32. In the result, the appeal being ITA No.1775/Del/2019 for AY 2013-14 is partly allowed as indicated above.
33. The assessee in ITA No.1776/Del/2019 for AY 2014-15 has raised the following grounds of appeal :-

“1) That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in confirming the action of the Ld. A.O. in assuming jurisdiction to issue notice u/s 143(2) of the Act and has further erred in making the impugned assessment without having valid jurisdiction over the assessee and more so when the entity in whose name jurisdiction was assumed did not exist.

2) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the action of Ld. A.O., issue of notice u/s 143(2) of the Act in the name of M/s Goldfield Sales Agencies Ltd. is bad in law and against the facts and circumstances of the case and the order passed u/s 143 (3) of the Act, in the name of M/s Goldfield Sales Agencies Ltd. is void ab-initio.

3) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the action of Ld. A.O. in making disallowance of freight charges of Rs.1,06,65,085/- u/s 37(1) of the Income Tax Act, 1961 vide para-3 of the assessment order and more so by alleging failure of assessee to produce bills and vouchers.

4) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the disallowance of Rs.1,06,65,085/- is bad in law and against the facts and circumstances of the case.

5) That in any case and in any view of the matter, action of Ld. CIT(A) in confirming the action of Ld. A.O. in making disallowance of Rs.33,10,022/- u/s 36(1)(iii) being interest expenses claimed allegedly on the basis that interest bearing funds were utilised for advancing non-interest bearing loans and advances.

6) That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in confirming the action of Ld. A.O. in withdrawing the claim of brought forward and carry forward losses and unabsorbed depreciation vide para-5 of the assessment order and that too without proper appreciation of facts on record, and by recording incorrect facts and findings and without observing the principal of natural justice.

7) That having regard to the facts and circumstances of the case, Ld. CIT(A) has erred in law and on facts in confirming the action of Ld. A.O. in passing the impugned order without giving adequate opportunity of being heard and by not observing the principles of natural justice.”

34. At the time of hearing, ld. AR of the assessee did not press Ground Nos.1 & 2, accordingly the same are dismissed.
35. With regard to Ground Nos.3 & 4, our above findings in AY 2012-13 applies mutatis mutandis to these grounds, hence Ground Nos.3 & 4 are allowed.
36. With regard to Ground No.5 relating to disallowance of interest expenditure, the relevant facts are, during assessment proceedings, the Assessing Officer observed from the Profit & Loss account that assessee has claimed interest on unsecured loan of Rs.33,10,022/-. He observed that the assessee has given interest free short term loans and advances of Rs.5,33,32,000/-. When the assessee was asked to furnish the details of the same along with necessary document for advancement of interest free loans. When the assessee was asked to explain as to why in the absence

of necessary detailed evidence, the entire finance cost should not be disallowed as the same are not explained with respect to specific purpose of borrowing rather this interest bearing funds have been utilised for giving non-interest bearing loans and advances. After considering the submissions of the assessee, he found that the explanation offered is not acceptable. Accordingly, he proceeded to disallow interest @ 12% on the short term loans and advances, accordingly, he determined Rs.63,99,840/- disallowable interest since assessee has claimed only Rs.33,10,022/- as finance cost, he restricted the disallowance to Rs.33,10,022/-.

37. Aggrieved assessee preferred an appeal before the Id. CIT (A) and before Id. CIT (A), it is submitted as under :-

“It is submitted that the impugned advance made in the aforesaid funds have not been made from interest bearing borrowed funds. Ld. A.D. has not proved with evidence as to how the impugned borrowing can be said to have been used either for non-business purpose. The consistent pleading of the assessee has been that the amount advances are out of the current account of the appellant wherein business receipts were regularly deposited. Copy of bank statement is enclosed in the paper book. Therefore, when the advance has been made to said parties out of the current account, there is no question of making any disallowance on that premise that interest bearing borrowed funds have been used for the purpose of making the impugned advance, more so when Ld. AO failed to bring any material to establish any nexus between the interest bearing borrowed funds and the impugned advance. It is also not the case of Ld. A.O. that any of the parties to whom advance has been given, if any, it is related to the assessee. Therefore, viewed from any angle the disallowance made is absolutely unjustified and therefore, may please be deleted.

It has been held in the following judicial decisions that Hon'ble Courts have gone to the extent of holding that when amount is withdrawn from a current account in which sales proceeds and borrowed funds have been withdrawn.

Woolcombers of India Ltd vs CIT 134 ITR 219(Cal)

CIT vs Hotel Savera 148 CTR 585, 591 (Mad)

CIT vs Coimbatore Salem Transport P Ltd 611TR 480(Mad)

CITvs Indian Explosives Ltd 1921TR 144, 147(Cal)

It is respectfully submitted that the disallowance made by Ld. AO is absolutely misconceived and that being so there is no justification for making any disallowance out of the interest as made by Ld. AO and it is prayed that the disallowance may please be deleted.”

38. After considering the above submissions, ld. CIT (A) sustained the addition made by the Assessing Officer with the following observations :-

“(i) The AO has made this disallowance because the appellant had claimed expense on account of interest on unsecured loan amounting Rs.33,10,022/- whereas interest free advances and loans of Rs.5,33,32,000/- had been given during this year.

(ii) Further, during the assessment proceedings, the appellant failed to furnish supporting documents to show as to how the interest bearing funds have not been utilized for advancing noninterest bearing loans and advances.

(iii) During the appellate proceedings, it has been submitted by the appellant that advances are out of the current account, wherein business receipts were regularly deposited. Current A/c are generally link to over-draft limits which are interest bearing. Further, the appellant has failed to establish that these loans were given out of interest free funds nor prove that these advances were for business purposes.

(iv) It has been held by the Courts that the assessee is not entitled to claim interest expenditure on the borrowed funds which were diverted non-business objects.”

39. At the time of hearing, ld. AR of the assessee brought to our notice finance statements for the year ending 31.03.2014 and he submitted that the assessee has declared secured as well as unsecured loans and incurred an interest expenditure of Rs.33,10,022/-. He submitted that the Assessing Officer has disallowed the same for the reason that the assessee has lent such loans and advances without interest. He made an ad hoc disallowance of 12%, however restricted it to finance cost claimed by the assessee. He submitted that the assessee has taken a secured borrowings and also holding inventories to the extent of Rs.4,25,23,486/- whereas it has taken total secured and unsecured loan of Rs.2,97,70,653/-. It clearly shows that the assessee has interest free funds available in the business and has incurred and borrowed only to the extent of requirement for the business. He prayed that the Assessing Officer cannot disallow whole of the interest expenditure on the basis of lending money without charging any interest and prayed that the interest disallowance made by the Assessing Officer may be dismissed and allowed in favour of the assessee.
40. On the other hand, ld. DR of the Revenue relied on the findings of the lower authorities.

41. Considered the rival submissions and material placed on record. We observed that the assessee has borrowed secured and unsecured loan and also carrying huge inventories and trade receivables in the business. We also observed that assessee has taken secured and unsecured loans against the inventories and receivables and incurred interest expenditure of Rs.33,10,022/-. It clearly shows that assessee has interest free funds available in the business, therefore, Assessing Officer cannot proceed to disallow all the finance cost claimed by the assessee. Accordingly, we are inclined to allow ground no.5 raised by the assessee.
42. With regard to Ground No.6, our above findings in AY 2013-14 applies mutatis mutandis to these grounds, hence Ground No.6 is allowed for statistical purposes.
43. Ground No.7 is general in nature, hence not adjudicated.
44. In the result, the appeal being ITA No.1776/Del/2019 for AY 2014-15 is partly allowed as indicated above.
45. To sum up : all the appeals filed by the assessee are partly allowed.

Order pronounced in the open court on this 30th day of June, 2025.

Sd/-
(ANUBHAV SHARMA)
JUDICIAL MEMBER

sd/-
(S. RIFAUR RAHMAN)
ACCOUNTANT MEMBER

Dated: 30.06.2025
TS

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals).
5. DR: ITAT

ASSISTANT REGISTRAR
ITAT, NEW DELHI