$~
* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
1.
\+ **ITA 1017/2015**

PR. COMMISSIONER OF INCOME TAX ..... Appellant
Through: Mr. Kamal Sawhney, Senior Standing counsel with Mr. Shikhar Garg, Advocate.

versus

GILLETTE DIVERSIFIED OPERATIONS PVT. LTD.... Respondent

CORAM:
JUSTICE S. MURALIDHAR
JUSTICE VIBHU BAKHRU

O R D E R
% **13.01.2016**

1. This appeal under Section 260A of the Income Tax Act, 1961 ('Act') is against an order dated 26th March 2015 passed by the Income Tax Appellate Tribunal ('ITAT') in ITA No. 2262/Del/2011 for the Assessment Year ('AY') 2001-02.

2. The question sought to be urged is whether the ITAT erred in upholding the order of the Commissioner of Income Tax (Appeals) ['CIT (A)'] deleting the disallowance of the interest expenditure of Rs.43,87,500 which the Assessing Officer ('AO') treated as a notional interest cost.

3. The Assessee is engaged in the business of manufacture and sale of tooth brushes. It deals in small electrical appliances and is engaged in trading and export of blades, razors, kitchen machines and accessories. During the course of the assessment proceedings, the AO noted that the Assessee had taken inter-corporate deposits ('ICDs') from Gillette Group India Private Limited and Gillette India Limited (GIL) which were companies belonging to the same corporate group and was paying interest to them on such ICDs. GIL was also a debtor of the Assessee for the AY in question to an extent of Rs.45.19 crores. The AO then deduced that the Assessee was incurring extra expenditure on interest solely for benefitting its group concerns. Accordingly, the aforementioned sum was disallowed.

4. As noted by the ITAT in the impugned order, the CIT (A) in its order dated 21st November 2011 noted that the Assessee had produced before the AO all the agreements which were executed in the normal course of business and observed that there was no occasion to conclude that there was any diversion of interest bearing funds to sister concerns. The conclusion of the AO that the credit period facility offered to GIL beyond 3 months was unreasonable was not concurred with by the CIT (A) on the ground that the question of business expediency was best left to the decision of the Assessee

particularly since the agreements were shown to have been executed in the normal course of business. The above factual finding of the CIT (A) having been concurred with by the ITAT, the Court does not find any substantial question of law that arises for consideration.

5. The appeal is accordingly dismissed.

S. MURALIDHAR, J

VIBHU BAKHRU, J

JANUARY 13, 2016/dn