

**IN THE HIGH COURT OF DELHI AT NEW DELHI**

**22.09.2009**

**8#**

**Present: Mr. Sanjeev Sabharwal for the appellant.  
Dr. Rakesh Gupta with Ms. Aarti Saini and Ms. Mahima  
Aggarwal for the respondent.**

**ITA No. 467/2007** COMMISSIONER OF INCOME TAX DEL Vs. KNORR BREMSE  
INDIA P.LTD.

The respondent/assessee had borrowed funds of Rs.3,69,97,741/- during the relevant assessment year 1998-99. On this, he paid interest of Rs.20,56,500/-, which was claimed by it in the return as business expenditure. The Assessing Officer disallowed this amount on the ground that the money was utilized for the purpose of purchase of share in a company and the borrowed funds were not spent for business purposes. This finding was, however, reversed by the Commissioner of Income Tax (Appeal) holding that the shares in a company were purchased by the assessee out of its own funds and borrowed funds were not utilized for that purpose. This finding was confirmed by the Income Tax Appellate Tribunal.

Thus, the two authorities below have arrived at a definite finding that the amount borrowed was not utilized for the purpose of investment, but for the purpose of business.

In these circumstances, the interest paid on the borrowed funds was rightly allowed as legitimate deduction under Section 36 of the Income Tax Act, 1961.

No question of law, therefore, arises.

**This appeal is dismissed.**

**A.K. SIKRI, J.**

**VALMIKI J. MEHTA, J.**  
**September 22, 2009**  
**nsk**