Sir: Letter & Draft for your approval 2/3/22

From:
Rajesh Kumar Jayantilal Kadakia,
5-2-223, Gokul, 3rd Floo,
Opp: Andhra Bank, Distillery Road,
Secunderabad – 500 003.

Date : 03-03-2022

To
AD IT (INT TAXN)-1/Hyd.,

Sir / Madam,

Sub: Income tax Scrutiny Asst. Proceedings – Own case – Asst. year – 2020-21
PAN – AERPK6958C - Reg.

Ref: Show Cause Notice (SCN) dated 25-02-2022.

In connection with the assessment proceedings, above referred Show Cause Notice (SCN) got issued with respect to claim of interest expenditure of Rs.88,90,253/-. The following is submitted for your kind consideration.

1. The interest paid is to Kotak Mahindra Bank Ltd. on the loans taken of Rs.10,00,00,000/-. The interest on such loan for the year is Rs.88,90,253/-.
2. The Loan is mainly utilized for the purpose of investment in Compulsorily Convertible Debentures (CCD) issued by SDNMKJ Realty Pvt. Ltd.
3. The CCD's are of Rs.8.50,00,000/- and interest of Rs.89,25,000/- is received thereon.
4. The interest earned of Rs.89,25,000/- more than the interest paid of Rs.88,90,253/- and thus there is net surplus on such interest.
5. Out of the Loan of Rs.10,00,00,000/-, Rs.8,50,00,000/- has gone for investment in CCD's and balance Rs.1,50,00,000/- has gone for investment in other investment which perhaps has not earned any income during the FY 2019-20.
6. However I have earned interest on Bank FD's of Rs.1,17,332/-.
7. In the SCN it is proposed to disallow and amount of Rs.13,13,538/- by working out the proportionate interest expenses in relation to Rs.8,50,00,000/- The amount on which interest has been earned.
8. Since the interest earned of Rs.89,25,000/- is more than interest expenditure of Rs.88,90,253/- it is requested not to disallow interest claim to the extent of Rs.13,33,538/- as proposed in SCN.

Yours faithfully,

APPROVED BY
- 4 MAR 2022
SOHAM MODI
MANAGING DIRECTOR

(RAJESH KADAKIA).