

आयकर अपीलीय अधिकरण, 'बी' न्यायपीठ, चेन्नई  
IN THE INCOME TAX APPELLATE TRIBUNAL, 'B' BENCH : CHENNAI

श्री अब्राहम पी. जॉर्ज, लेखा सदस्य एवं  
श्री धुव्वुरु आर.एल रेड्डी, न्यायिक सदस्य के समक्ष ।  
[BEFORE SHRI ABRAHAM P. GEORGE, ACCOUNTANT MEMBER  
AND SHRI DUVVURU RL REDDY, JUDICIAL MEMBER]

आयकर अपील सं./I.T.A. No.676/CHNY/2018.

निर्धारण वर्ष /Assessment year : 2013-2014.

The Assistant Commissioner  
of Income Tax,  
Non Corporate Circle 10(1)  
Chennai 600 034.

**Vs.** M/s. Jindal Steels,  
No.45-A, Barnaby Road,  
Kilpauk,  
Chennai 600 010.

(अपीलार्थी/Appellant)

[PAN AADFJ 7711J]

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by  
प्रत्यर्थी की ओर से /Respondent by

: Shri. Srinivasa Rao Vana, JCIT  
: Shri. T. Banusekar, C.A.

सुनवाई की तारीख/Date of Hearing

: 06-08-2018

घोषणा की तारीख /Date of Pronouncement

: 07-08-2018

**आदेश / ORDER**

**PER ABRAHAM P. GEORGE, ACCOUNTANT MEMBER**

In this appeal filed by the Revenue, which is directed against an order dated 19.12.2017 of Commissioner of Income-tax (Appeals)-12, Chennai, it is aggrieved that the Id. Commissioner of Income Tax (Appeals) deleted a disallowance of ₹3,61,07,920/-,

made by the Id. Assessing Officer on a repayment of loan to Assessee's namesake in, Bangalore.

2. Ld. Counsel for the Revenue submitted that assessee a trader in steel, had repaid a loan of ₹7,65,76,906/- to another concern named M/s. Jindal Steels, Bangalore. According to the Id. Departmental Representative, assessee was required to explain the source for the funds used for making the above repayment. As per the Id. Departmental Representative, assessee had through a letter dated 29.02.2016, explained the source for the loan repayment and this included a sum of ₹3,61,07,920/- claimed as coming out of capital of like amount introduced by one of its partners Shri. Mohanlal Jindal on 22.05.2012. However, as per the Id. Departmental Representative, the said Shri. Mohanlal Jindal had introduced ₹3,00,00,000/- only and not ₹3,61,07,920/-. Contention of the Id. Departmental Representative was that assessee could not justify the source for the sum of ₹3,61,07,920/-, claimed to have received from its partner Shri. Mohanlal Jindal, and could not file any records like income tax return, memo, capital account, balance sheet or any supporting schedules. Contention of the Id. Departmental Representative was that assessee could only produce his acknowledgement for having filed an I.T. return. As per the Id.

Departmental Representative, Id. Assessing Officer had made the addition of ₹3,61,07,920/- due to the inability of the assessee to substantiate its claim that ₹3,61,07,920/- was received from its partner Shri. Mohanlal Jindal. Contention of the Id. Departmental Representative, was that Id. Commissioner of Income Tax (Appeals) took an erroneous view that repayments to M/s. Jindal Steels, Bangalore had come out of funds introduced by Shri. Mohanlal Jindal. According to the Id. Departmental Representative, amount introduced by Shri. Mohanlal Jindal was only ₹3,00,00,000/- and assessee could not substantiate the source of ₹3,61,07,920/- out of the total loan repayment of ₹7,65,76,906/-.

**3.** Per contra, Id. Authorised Representative strongly supporting the order of the Id. Commissioner of Income Tax (Appeals) submitted that assessee had a overdraft account with State Bank of India bearing account No.00000010886073792 with its SME Branch, at Chennai. As per the Id. Authorised Representative, assessee had a drawing power of ₹13,00,00,000/-. Relying on the statement of this account placed at paper book pages 2 to 4, Id. Authorised Representative submitted that payment to M/s. Jindal Steels, Bangalore was made through RTGS transfer from this overdraft account. According to him, even if the credit from Shri. Mohanlal

Jindal was not considered, assessee was having sufficient source for explaining the repayments.

4. We have considered the rival contentions and perused the orders of the authorities below. Addition made by the Id. Assessing Officer was for a sum of ₹3,61,07,920/- being, part of the repayment of an earlier loan taken by the assessee to M/s. Jindal Steels, Bangalore. Ld. Assessing Officer himself states in his order that assessee had repaid ₹7,65,76,906/- to M/s. Jindal Steels, Bangalore. However, according to the Id. Assessing Officer, assessee could not produce sufficient source for the sum of ₹3,61,07,920/- out of the above. Ld. Assessing Officer noted that Shri. Mohanlal Jindal from whom assessee had claimed receipt of ₹3,61,07,920/- had actually given only ₹3,00,00,000/-. However, a perusal of the overdraft account statement of the assessee with State Bank of India for the period from 01.4.2012 to 22.05.2012, placed at paper book pages 2 to 4 clearly show that assessee had an overdraft limit of ₹13,00,00,000/- and had made a transfer of ₹3,61,07,920/- from the said account to M/s. Jindal Steels, Bangalore on 22.05.2012. The payment was effected from overdraft account even before assessee received the sum of ₹3,00,00,000/- from its partner Shri. Mohanlal Jindal. Relevant entries in the overdraft account appearing on 22.05.2012 are reproduced hereunder:-

Txn Date	Value date	Description	Ref No. Cheque No.	Branch code	Debit	Credit	Balance
22 May, 12	22 May, 12	Cheque WDL-Jindal 13241/SAIL 9930-490663	Transfer from 10404414793/ 490663	9930	2,59,875		-8,32,96,727.60
22 May, 12	22 May, 12	CHQ Transfer- RTGS, SBINH12143 319345, Jindal Steels 10051	10051	13241	3,61,07,970		-11,96,04,697.60
22 May, 12	22 May,12	To Debit through cheque SBI TFR 491011	491011	13241	13,47,974		-12,09,52,671.60
22 May, 12	22 May,12	By transfer GRPT SBM2205120 783860- Mohanlal Jindal	Transfer from 2399484044302	13241		3,00,00,000	-9,09,52,671.60
22 May, 12	22 May,12	To debit through cheque SBI A/c. No.31360832 085-491012	491012	10666	12,040		-9,09,64,711.60

In our opinion, it is clear that repayment done by the assessee was from its overdraft account and there was no use of any funds from its partner for such repayment. In such circumstances, we feel that the addition was made on a wrong presumption by the Id. Assessing Officer. The said addition in our opinion was rightly deleted by the Id. Commissioner of Income Tax (Appeals). We do not find any reason to interfere with the order of the Id. Commissioner of Income Tax

(Appeals).

5. In the result, the appeal of the Revenue stands dismissed.

Order pronounced on Tuesday, the 7th day of August,2018, at Chennai.

Sd

(धुव्वुरु आर.एल रेड्डी)

(DUVVURU RL REDDY)

न्यायिक सदस्य/JUDICIAL MEMBER

(अब्राहम पी. जॉर्ज)

(ABRAHAM P. GEORGE)

लेखा सदस्य /ACCOUNTANT MEMBER

चेन्नई/Chennai

दिनांक/Dated: 7th August, 2018.

KV

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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|--------------------------|------------------------------|-------------------------|
| 1. अपीलार्थी/Appellant   | 3. आयकर आयुक्त (अपील)/CIT(A) | 5. विभागीय प्रतिनिधि/DR |
| 2. प्रत्यर्थी/Respondent | 4. आयकर आयुक्त/CIT           | 6. गार्ड फाईल/GF        |