

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

**BEFORE SHRI SHAMIM YAHYA, ACCOUNTANT MEMBER  
and  
SHRI YOGESH KUMAR US, JUDICIAL MEMBER**

**ITA No.844/DEL/2022  
(Assessment Year: 2016-17)**

DCIT, Central Circle 32,  
Delhi.

vs.

RNB Mercantile Pvt. Ltd.,  
RNB House – 1, Shivaji Enclave,  
Main Road,  
Opp. Mother Dairy Near Raja Garden,  
New Delhi – 110 027.  
**(PAN : AABCR9334G)**

(APPELLANT)

(RESPONDENT)

ASSESSEE BY : Shri Ved Jain, Advocate  
Shri Aman Garg, CA

REVENUE BY : Shri P.N. Barnwal, CIT DR

Date of Hearing : 12.03.2024

Date of Order : 14.03.2024

**ORDER**

**PER SHAMIM YAHYA, ACCOUNTANT MEMBER :**

This appeal by the Revenue is directed against the order of the Id. CIT (Appeals)-30, New Delhi dated 28.02.2022 for the assessment year 2016-17.

2. Although Revenue has raised various grounds but basically the Revenue is aggrieved that the Id. CIT (A) has deleted the addition of Rs.3,13,30,348/- under section 68 of the Income-tax Act, 1961 (for short 'the Act) in respect of credit in the bank account and addition of Rs.7,05,60,705/-

on account of addition of investment made in fixed assets made by the AO vide assessment order dated 19.12.2019.

3. Brief facts of the case are that the assessee has filed its return of income on 28.03.2018. A search and seizure operation was carried in the case of Bajaj Group on 20.04.2017. AO issued notice to the assessee for explanation of following credits :-

- (i) Source of credit of Rs.3,13,30,348/- in the bank account; and
- (ii) Source of increase of Rs.7,05,60,750/- in the fixed assets.

AO made the addition of the aforesaid sums by noting that assessee has not given any detailed submissions in this regard.

4. Against the above order, assessee filed an appeal before the Id. CIT(A). Id. CIT (A) called the remand report from the AO. In the report, AO accepted that assessee has given its submissions. Thereafter, considering the elaborate submissions of the assessee and remand report of the AO, Id. CIT (A) deleted the additions made by the AO by holding as under :-

“22.3 On careful perusal of the facts of the case it is noticed that the credits in the IDBI bank account of the appellant company mainly consists of credit of Rs. 3, 10, 00, 1361/- received from partnership concern M/s RNB Leasing and Finance Services (in which the appellant company is a partner) on account of withdrawal of capital invested. The capital withdrawn by the appellant company is also evident from the audited financial statements wherein the opening partner's capital balance of Rs.2,50,48,765.85/- was reduced to Nil at the year end. The amount of receipt of capital withdrawn is appearing from the partner's capital ledger account placed at

paper book page no. 194 and 195. In view of these facts, I am of the view that AO was not justified in making the addition of amount of capital withdrawn out of investment made by the appellant company in the partnership concern M/s RNB Leasing and Finance Services. As regards the cash deposits of Rs.3,00,000/-, it is noticed from the cash book placed at paper-book page no.193 that the same was made from withdrawals made out of IDBI Bank Account. Further the remaining receipts of Rs.30,219/- including receipts from amazon were also substantiated by the appellant referring to the bills and vouchers maintained by it copy of which is placed at paper book page no. 145 to 162. Accordingly, in view of these facts the AO is directed to delete the addition of Rs.313,30,348/-. Hence this ground of appeal is allowed.

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23.4 On perusal of the facts of the case, it is noticed that in the year under consideration no new fixed asset has been purchased/acquired by the appellant. The addition to the schedule of fixed asset RS.6,90,52,661/- which has been wrongly mentioned as Rs.7,05,60,705/- in the assessment order is mainly on account of capitalization of the opening balance of project in progress as is appearing in the audited financial statements of the appellant company. Further, the payments to DDA and ICICI Bank (which comprises of interest capitalized in the year under consideration) are appearing from the IDBI Bank Account of the appellant company placed at paper book page 122 to 127. In view of these facts, I am of the view that the addition reflecting in the schedule of fixed assets of the appellant company cannot be treated as unexplained. Accordingly, the AO is directed to delete the addition of Rs.7,05,60,705/- made in this regard. Hence this ground of appeal is allowed.”

5. Against the above order, Revenue is in appeal before us. We have heard both the parties and perused the records.
6. Ld. Counsel of the assessee submitted that ld. CIT (A) has passed the aforesaid order after duly considering the factual details and AO's remand

report in this regard. He submitted that assessee vide reply dated 17.12.2019 furnished the requisite information in respect of source of credit of Rs.3,13,30,348/- in the bank account and source of increase of Rs.7,05,60,750/- in the fixed assets. He submitted that ld. CIT (A) has given a factual finding and the same may be affirmed.

7. Per contra, ld. DR for the Revenue relied upon the order of AO but he could not give any submission how the CIT (A)'s order is not correct in any manner.

8. Upon careful consideration, we find that ld. CIT (A) after thoroughly discussing the factual aspect has deleted both the additions. We do not find any infirmity in the order of the ld. CIT (A) and accordingly, we affirm the same.

9. In the result, the appeal of the Revenue is dismissed.

**Order pronounced in the open court on this 14<sup>th</sup> day of March, 2024.**

**Sd/-**

**(YOGESH KUMAR US)  
JUDICIAL MEMBER**

**sd/-**

**(SHAMIM YAHYA)  
ACCOUNTANT MEMBER**

**Dated the 14<sup>th</sup> day of March, 2024  
TS**

Copy forwarded to:

- 1.Appellant
- 2.Respondent
- 3.CIT
- 4.CIT (A)-30, New Delhi.
- 5.CIT(ITAT), New Delhi.

**AR, ITAT  
NEW DELHI.**