

**IN THE INCOME TAX APPELLATE TRIBUNAL  
MUMBAI BENCH "D" MUMBAI**

**BEFORE SHRI OM PRAKASH KANT (ACCOUNTANT MEMBER)  
AND  
SHRI SUNIL KUMAR SINGH (JUDICIAL MEMBER)**

**ITA No. 651/MUM/2024  
Assessment Year: 2015-16**

Rajesh Doulatram Bhatia,  
202, Morya Regency, Dr. Ambedkar  
Road, Khar West,  
Mumbai-400052.

**PAN NO. AAHPB 9438 N  
Appellant**

**Vs.** ACIT-24(3),  
(Current Jurisdiction, DCIT, Circle-  
24(1), Mumbai),  
Aayakar Bhavan, Piramal Chamber,  
Lalbaug, Parel,  
Mumbai-400020.

**Respondent**

Assessee by : Mr. Snehal Shah  
Revenue by : Mrs. Mahita Nair, Sr. DR

Date of Hearing : 01/08/2024  
Date of pronouncement : 22/10/2024

**ORDER**

**PER OM PRAKASH KANT, AM**

This appeal has been preferred by the assessee against order dated 16.12.2023 passed by the Ld. Commissioner of Income-tax (Appeals) – National Faceless Appeal Centre, Delhi [in short ‘the Ld. CIT(A)’] for assessment year 2015-16, raising following grounds:



1. The learned CIT (A) has erred in confirming the action taken by the Learned Assessing officer by treating the short term loan of Rs. 5,80,00,000/- taken from M/s Rotomac Vinimay Pvt. Ltd. as unexplained cash credit u/s. 68 of the Act without appreciating the facts of the case in right perspective.

2. With regards to the addition of Rs. 40,00,000/- made u/s 68 of the Act, being loan of Rs 20,00,000 each from M/s. Riddhi International and M/s. Orataman Realtors, the Learned CIT(A) has directed the Learned Assessing officer verify the balance sheet of the Appellant and ascertain whether the outstanding loan in the names of the aforesaid loan creditors was a part of the closing balance of unsecured loans as on 31.3.2014 and if the finding is affirmative, the Learned Assessing officer may delete the addition of Rs. 40,00,000/-. The Appellant has already vide letter dated 16.01.2024 submitted the details to the Ld. Assessing Officer to do the needful.

Without prejudice, in the case Learned Assessing officer does not provide the relief, the Appellant out of abundance of caution takes the following ground:

The learned Assessing officer has erred in making addition of Rs. 40,00,000/- being loan of Rs 20,00,000

each from M/s. Riddhi International and M/s. Orataman Realtors as unexplained cash credit u/s. 68 of the Act without appreciating the facts of the case in right perspective

2. Briefly stated facts of the case are that the assessee filed its return of income on 21.08.2015 declaring total income at Rs.29,33,050/-. The return of income filed by the assessee was selected for scrutiny assessment and statutory notices under the Income-tax Act, 1961 (in short 'the Act') were issued and complied. During scrutiny proceedings, the Assessing Officer observed one of the loan transactions carried out by the assessee with company namely M/s Rotomac Vinimay Pvt. Ltd. from which the assessee received Rs.5.80 crores during the year under consideration. The Assessing Officer also observed that during the year the assessee company has squared up loans received of Rs. 20.00 lakhs each



from two parties namely M/s Riddhi International and M/s Orataman Realtors. The Assessing Officer was not satisfied with the reply of the assessee in respect of those loans and therefore held the same as unexplained cash credit in terms of section 68 of the Act and made addition for the amount of Rs.5.80 crores and Rs.40 lakhs respectively to the returned income in the order passed u/s 143(3) of the Act dated 27.12.2017.

3. On further appeal, the Ld. CIT(A) upheld the addition of Rs.5.80 crores. However, in respect of addition of Rs.40 lakhs being loan of Rs.20 lakhs each from M/s Riddhi International and M/s Orataman Realtors, issued direction to the Assessing Officer for verifying whether the said loan was appearing as opening balance and if so directed to delete the addition.

3.1 Aggrieved with the above finding of the Ld. CIT(A), the assessee is in appeal before the Tribunal by way of raising grounds as reproduced above.

4. Before us, the assessee has filed a Paper Book containing pages 1 to 87.

5. The ground No. 1 of the appeal relates to addition of Rs.5.80 crores in respect of loans from M/s Rotomac Vinimay Pvt. Ltd. The Assessing Officer relied on following observations (i) in the course of survey proceedings at the premises of Shri Krishna Murari Naita, he stated that M/s Rotomac Vinimay Pvt. Ltd. was engaged in



providing accommodation entries of share capital to M/s Gajendra Mercantile Pvt. Ltd. through five companies including M/s Rotomac Vinimay Pvt. Ltd. ;(ii) during the course of survey action, the director of M/s Rotomac Vinimay Pvt. Ltd., Shri Biswanath Majumdar, admitted in his statement that he was one of the dummy director of the said company ;(iii) in the inquiries carried out by the Assessing Officer through issue of commission u/s 131(1)(d) of the Act to Asst. Commissioner of Income-tax Circle-6(2), Kolkata, it was found that office of M/s Rotomac Vinimay Pvt. Ltd. was locked most of the time and no operation were carried out by from there.

5.1 When above facts along with inquiry report were confronted to the assessee, the assessee submitted that loan was received in the month of June, 2014 and same was returned back during the period from July, 2014 to October, 2014. It was further submitted that lender Company was doing business of lending of the loans and total paid capital of the company was Rs.258.86 lakhs. Thus the lender had creditworthiness to extend loan to the assessee. Regarding statements given by Shri Krishna Murari Naita and Shri Biswanath Majumdar, it was submitted that their statement was recorded on 23.04.2014, whereas loan was received by the assessee after 3<sup>rd</sup> June, 2014 and thus their statements do not have any relevance to the transaction of loan carried out by the assessee. The assessee sought cross-examination of the director/manager who



had given statements but summon issued by the Assessing Officer to those directors/manager was not complied and therefore no cross-examination could be provided to the assessee.

5.2 The Assessing Officer further rejected creditworthiness of M/s Rotomac Vinimay Pvt. Ltd. due to following reasons:

- “i) Company has a meager share capital of Rs. 2.57 Crores.*
- ii) Company has declared a profit Rs. 41,726 in F.Y.2013-14 and a loss of Rs.2.03 Cr. In F.Y. 2014-15.*
- iii) There are no surplus funds generated by company from its business activity which further substantiates that company is not creditworthy.*
- iv) There are no fixed assets in the company.*
- v) The alleged sources of fund in balance sheet is share premium coming from shareholders namely*
  - \* Cheerful Mercantile Pvt. Ltd*
  - \* Glossy Suppliers Pvt. Ltd.*
  - \* ClubsideDealcom Pvt. Ltd.*
  - \* AccurateVintrade Pvt. Ltd.*
  - \* Intellect Trade-link Pvt. Ltd.*
  - \* Positive Vinimay Pvt. Ltd.*

*An analysis of these shareholding companies reveals that these companies are also having similar structure of cross-shareholding i.e. for example, structure i.e. for example, 'A' holds the shares of 'B'; 'B' holds shares of 'C' ; 'C' holds shares of 'A' etc. Further, there is no business activity in these shareholding companies as well. The only source of fund in their balance sheet is share premium received from cross shareholding of similar companies. But there is no cash flow from business activities. Further, these shareholding companies listed above from where M/s. RotomacVinimay Pvt. Ltd. has allegedly received share premium are also being run by Sushil Kumar Naita and Krishna MurariNaita who have been proved to be entry operators.*

- vi) The Company has not declared any dividend in past so many years.*



vii) Company has not received any interest from the Assessee for the alleged loan.”

5.3 The Assessing Officer did not consider the transaction as genuine for the reason that M/s Rotomac Vinimay Pvt. Ltd. received substantial amount as share premium from other companies. According to him, companies who invested in M/s Rotomac Vinimay Pvt. Ltd were also alleged to be part of the companies controlled by M/s Krishna Murari Naita.

5.4 In view of observations, the Assessing Officer held the loan of Rs.5.80 crores as unexplained cash credit in terms of section 68 of the Act. The relevant finding of the Assessing Officer is reproduced as under:

*“8.8 All these companies from which M/s. Rotomac Vinimay Pvt. Ltd. has received funds just before transferring them to Mr. Rajesh Bhatia are managed by Sh. Krishna Murari Naita as was explained by him in reply to*

*Q.7 in his statement on oath quoted above. In most of these companies Sh. Sushil Kr. Naita is the director.*

*9. From the above, it is clear that M/s. Rotomac Vinimay Pvt. Ltd., was not having any regular business income, source of alleged funds is share premium from own group companies which in turn do not have any source of income or creditworthiness and again have cross shareholding.*

*10. Creditworthiness means, whether the party had sufficient means to advance such loans. Creditworthiness is not proved by mere issue of a cheque or by furnishing a copy of statement of bank account. To see the creditworthiness of an entity, not only its bank statement should be examined but also the factual circumstances must also be examined. This is because the creditworthiness is not only the matter of financial strength of the assessee but also a matter of financial and social background of the company. It has already been shown that the above mentioned concern was hardly earning any income which could go and finance the loans that it has purportedly advanced. Moreover, the concern did not have any financial or social background which would enable it to advance such a huge amount. The company is having a namesake office at dingy lanes in Kolkata. Even that office is not owned by the company. It does not even function, no one is found at that address which is clear from the two*



*independent enquiries conducted during the assessment proceedings as discussed above. Thus, the persons who are themselves on run and who do not have a fixed place to reside, stay and do business, how could they be said to be creditworthy looking even at their background?*

*11. Thus, it has been proved beyond doubt that neither the identity could be established, nor the creditworthiness could be proved and thus genuineness of transaction is not established. Taking into consideration the facts and circumstances of the case in entirety as discussed above, loan amounting to Rs. 5,80,00,000/- received from M/s. Rotomac Vinimay Pvt. Ltd. is considered as unexplained credit u/s 68 of the I.T. Act, 1961 and accordingly added to the income of the assessee. The penal proceedings u/s.271(1)(c) are hereby initiated for concealment of particulars of income.”*

5.5 Further, the Ld. CIT(A) upheld the addition observing as under:

*“5.0 The contention of the assessee was that the sum of Rs 5,80,00,000 was taken as short-term loan from M/s. Rotomac Vinimay Pvt Ltd which was later squared off in the same year. The assessee submitted a attested copy of ledger account in the books of account of M/s. Rotomac Vinimay Pvt Ltd in support of the contention. I have perused the relevant submission. As discussed above, the outcome of the investigation by the Investigation wing, Kolkata revealed that M/s. Rotomac Vinimay Pvt Ltd was a paper company managed and controlled by Shri. Krishna Murari Naita who deposed on oath that M/s. Rotomac Vinimay Pvt Ltd provided only accommodation entries to various beneficiaries. Further a commission u/s. 131(1)(d) of the I.T. Act was issued to ACIT, Circle-62, Kolkata to verify the credentials of the company who submitted a report with a finding that no operations were carried out by the company and the office of the company was locked most of the time.*

*The assessee highlighted that the outcome of investigation had no bearing on the company as the loan transaction with M/s. Rotomac Vinimay Pvt Ltd was from 3.6.2014 which was much later than 23.04.2014 being the date of investigation and recording the statement of Shri. Krishna Murari Naita and his associates. Further, the assessee submitted that the findings of commission were not applicable to him as all the transactions of 5.80 Crores was done through banking channel.*

*In this regard is to be noted that the AO clearly brought out the fact that the M/s. Rotomac Vinimay Pvt Ltd was a paper company which was used to facilitate clandestine transactions like accommodation entries. Therefore, mere fact that the transactions were done through banking channels or that the transaction was squared off in the same year do not lend any credence to its genuineness. Further, the confirmation of the transaction produced by the assessee in form of attested ledger account in the books of M/s Rotomac Vinimay Pvt Ltd is without any proper date. In any case, the fact remained that M/s. Rotomac Vinimay Pvt Ltd was shell*



*company as borne out from the verification and therefore lacked the requisite credit worthiness to carry out the transactions. In the light of these facts, the addition of Rs 5,80,00,000/- by AO is upheld.”*

6. Before us, the Ld. counsel for the assessee submitted that **firstly**, the statement of Shri Krishna Murari Naita was for a period prior to the period in which the assessee obtained loan from said company and therefore whatever statement made was in respect of transactions prior to his statement and cannot be applied over the transactions subsequent to the statement of Shri Krishna Murari Naita. **Secondly**, Mr. Krishna Murari Naita did not say in his statement that assessee company was provided any accommodation entry of loan. **Thirdly**, the statement recorded under survey proceedings has no evidentiary value and cannot be made on the basis for the addition. **Fourthly**, he submitted that no cross-examination of either Shri Krishna Murari Naita or Shri Biswanath Majumdar was provided to the assessee.

6.1 The Ld. counsel further submitted that confirmation from said party along with their copy of balance sheet, profit and loss account and financials for the year under consideration were duly filed by the party as well as provided by the assessee to the Assessing Officer. He further submitted that merely low income for the year under consideration cannot be basis for rejecting the creditworthiness of the said company when there are sufficient own funds available in the balance sheet of the said company for justifying the loan to the assessee. He rejected the contention of the



Ld. CIT(A) that confirmation was without any proper date. The Ld. counsel submitted that the Ld. CIT(A) held M/s Rotomac Vinimay Pvt. Ltd. as shell company without any documentary evidence in support. The Ld. counsel referred to copy of the ledger of M/s Rotomac Vinimay Pvt. Ltd. available on Paper Book page 19. He also referred to the confirmation of M/s Rotomac Vinimay Pvt. Ltd. available on Paper Book page 62 to 63 having seal and signature of said company. The Ld. counsel also referred to copy of screen shot of the registered company filed on Paper Book page 57 to 58. He also referred to copy of the Income-tax Return acknowledgement, statutory audit report, audited balance sheet and profit and loss account of M/s Rotomac Vinimay Pvt. Ltd. relevant to the assessment year under consideration available on Paper Book pages 67 to 84. The Ld. counsel further relied on the decision of the Coordinate Bench of the **Kolkata Tribunal in the case of M/s Viswakarma Residency in ITA No. 255/Kol/2020** for assessment year 2016-17 wherein the addition u/s 68 of the Act was made in respect of loans from various companies which were alleged to be controlled by Shri Krishna Murari Naita as per his statement made during the course of survey proceedings dated 23.04.2014. The Ld. counsel submitted that in the case of the assessee also addition has been made on the basis of statement of Shri Krishna Murari Naita and therefore, following the decision in the case of M/s Viswakarma Residency (supra) the addition should be set aside.



7. On the contrary, the Ld. Departmental Representative (DR) submitted that M/s Rotomac Vinimay Pvt. Ltd. is a paper company, which was managed by Shri Krishna Murari Naita for providing accommodation to various beneficiaries. She further referred that no such company was in existence at the premises. She submitted that merely taking loan through bank is not sacrosanct to justify the genuineness of the transaction in support of relied on the decision in the case of **M/s Kachwala Gems v. JCIT (2006) 205 CTR 585 (SC)**. She further referred that the financial of M/s Rotomac Vinimay Pvt. Ltd. were not sufficient to justify loan to the assessee. The Ld. DR submitted that the loan funds of the assessee were nothing but accommodation entries facilitated by M/s Rotomac Vinimay Pvt. Ltd. and controlled by Shri Krishna Murari Naita.

8. We have heard rival submission of the parties and perused the relevant material on record. We find that the loan of Rs.5.80 crores received from M/s Rotomac Vinimay Pvt. Ltd. by assessee company has been held to be unexplained cash credit mainly in view of statement of Shri Krishna Murari Naita and low income declared by the said company for the year under consideration. As far as statement of Shri Krishna Murari Naita is concerned, he has not specifically stated extending of any loan in the form the accommodation entry to the assessee through M/s Rotomac Vinimay Pvt. Ltd. It was not possible also to state for him so



because the loan has been received by the assessee after the statement of Shri Krishna Murari Naita recorded during the course of survey proceedings dated 23.04.20214. In the circumstances, reliance placed by the Assessing Officer on the statement of Shri Krishna Murari Naita is not relevant for determination whether the loan received by the assessee is accommodation entry. As far as identity of the loan creditor is concerned said party has already filed copy of the acknowledgement of the return of income and registration certificate with the Ministry of Corporate Affairs. As regarding the creditworthiness is concerned the Ld. counsel for the assessee has referred to the balance sheet of the said company. According to the Paper Book page 74 the said company was having share capital of Rs.2,57,86,550/- and reserve and surplus of Rs.70,65,99,800/-. Thus it cannot be said that company was not having sufficient sources for extending loan to the assessee. Further the profit and loss account available on Paper Book page 75 shows that said company has total revenue of Rs.11,51,35,129/- during the year under consideration. Thus, it cannot be said that there was no business operation by the company during the year under consideration. The Ld. CIT(A) has merely treated the said company as shell company without brining any documents on record. In the case of M/s Viswakarma Residency (supra), the Assessing Officer made similar observations in respect of loan creditors , which were alleged to be controlled by Sh Krishan Murarai Naita. For ready reference same is reproduced as under:



“In respect of the 9 loan creditors being companies alleged as paper companies by the AO and other 3 companies who did not file replies to notices issued [u/s. 133\(6\)](#), the assessee in order to discharge the initial onus lying upon if filed copies of their company master data, PAN Card, Acknowledgement of returns of income, audited financial statements, confirmation of accounts, bank statements, statement showing source of funds and nature of receipts. The assessee also filed copies of the assessment orders of the loan creditors showing that loan creditors had been subjected to regular assessment in different years wherein the returns filed by them has been accepted by their assessing officer. The assessee further required the AO to provide the material on the basis of which he alleged the 9 loan creditors and paper companies for rebuttal by the assessee and further requested to provide copies of statement of any parties on whose statement the AO wished to rely upon against the assessee and to produce the parties for cross examination of the assessee. However, the Assessing Officer without providing copy of any material whatsoever to the assessee assessed the loans received during the year from the 12 loan creditor companies as unexplained cash credit on the following grounds.

i. Accurate Vintrade Pvt. Ltd/New Town Mercantiles Pvt. Ltd/Purojit Vinimay Pvt. Ltd/Rotomac Vinimay Pvt. Ltd./ Singrodia Holdings Pvt. Ltd • Statement of Shri Krishna Murari Natia who as per the AO in his statement dated 23-4-2014 admitted that he had provided accommodation entries in lieu of commission in the form of bogus bills and loans. The A.Y 2016-17 ACIT, C-49(1), Kol Vs. M/s. Viswakarma Residency Page 5 relevant portion of his statement were stated to be attached with assessment order as KMN-1, KMN-2 and KMN-3.

- Replies to notices s 133(6) was received from address other than the address at which notice was issued.

- As per Inspector report there was no physical existence of the company at both the address.

ii. Carmel Merchants Pvt. Ltd./Everest Commerce Pvt. Ltd. • Statement of Shri Ram Kishan Ajitsaria dated 21-05-2014 who proved that he provide accommodation entries through various paper companies. The relevant portion of" his statement were stated to be attached with the assessment order as RKA.

The AO also stated that the said company was not physically found at its address.

iii. Cosmos Real Estates Pvt. Ltd.

- Statement of Shri Anand Singhania dated 15-07-2014 who controlled the above company and who proved that he provided accommodation entries through various paper companies. The relevant portion of his statement were stated to be attached with the assessment order as AS.



- Reply to notice u/s 133(6) was received from address other than the address at which notice.

- The AO also stated that the said company was not physically found at both the address.

iv. Century Ply & Boards Pvt. Ltd. / Navana Trading Company Pvt. Ltd./ Sthavistha Mercantiles Pvt. Ltd.

- Reply to notice u/s. 133(6) were manufactured replies as the same were received after issuance of Show Cause Notice to the assessee • As per Inspector report there was no physical existence of the company. Regarding annexures being KMN1, KMN2, KMN3, RK and AS stated to have been annexed to the assessment order, the appellant stated that the assessment order was served through e-filing portal and in course of the appellate proceeding logged into e-filing portal and demonstrated that there were no such annexures at all.

Against the reliance on the statements of Shri Krishan Murari Naita, Shri Ram Kishan Murari Naita, Shri Ram Kishan Ajitsaria and Shri Anand Singhania by the AO, the appellant argued that i. The statement of Shri Kishan Murai Naita. Shri Ram Kishan Ajitsaria and Shri Anand Singhania are stated to have been recorded on 23-04- 2014, 21-05-2014 and 23-07-2014.

ii. Considering the dates of statements, it is apparent that the said statements were not recorded by the AO but he merely relied on the statements recorded by other AOs.

iii. The transactions of the assessee with the said companies took place in FY 2015-16, therefore the statements recorded years before are irrelevant in so far as the case of the assessee is concerned.

A.Y 2016-17 ACIT, C-49(1), Kol Vs. M/s. Viswakarma Residency Page 6  
iv. The statements referred to does not and cannot relate to the transaction of the assessee.

v. The parties had no capacity to depose on behalf of the company. vi. The statements recorded u/s. 131 per se without any corroborative material has no evidentiary value.

vii. Barring statements no other material has been brought on record by the AO Regarding receipt of replies from address other than the address at which notices were served, the appellant submitted that the assessee had provide the addresses as available in its records and subsequently the said companies changed their address. The notices issued by the AO at the old address were served but the creditor filed their replies mentioning the present address which is as per requirement of the law. Regarding physical existence at old address, the appellant submitted that since some of the loan creditors had



*shifted to new address as such the question of existence at old address does not arise. Regarding physical existence of loan creditors at new address, the appellant firstly stated that all the above Loan creditor's are companies registered under the Companies Act, 1956 and are regularly filing their statutory returns which is evident from the fact that their status on MCA is ACTIVE COMPLIANT. It is stated that the Active Complaint Status is given only to companies who uploads photo of the building where the office of the company is situated, photo of the registered office of the company along with the photo of the director sitting in the office, geographical location of the company stating the longitude and latitude all digitally signed by all by all the directors of the company and digitally certified by practising company secretary/chartered account. Besides, the companies are having PAN and have filed their returns of income. As such the allegation that the said companies were not found at their address is factually incorrect. The assessee secondly submitted that all the notices issued by the AO were duly served further disapproves the allegation made by the AO. Thirdly and finally, it is submitted that regular assessments have been made in case of all the loan creditors in various years and therefore the allegation of physical non-existence are wholly baseless.”*

### 8.1 The Ld. CIT(A) in that case rejected the observation of the Assessing Officer observing as under:

*“7. Regarding allegation of paper company, I find that the loan creditors are companies and are regularly filing their statutory returns with the ROC and their status of MCA is ACTIVE COMPLAINT. All the loan creditors are having PAN and have filed their returns of income. The notices issued to the loan creditors have been duly served and in compliance thereto the A.Y 2016-17 ACIT, C-49(1), Kol Vs. M/s. Viswakarma Residency Page 13 loan creditors have confirmed the transactions with the assessee and have filed copies of their return of income, audited financial statements, bank statements and have also explained their sources of fund and nature of receipts. The transactions have taken place through banking channels and have duly been recorded in their regular books of account and reflected in their audited financial statements. The interest income has been credited in their Statement of Profit and Loss and the TDS have been claimed in the return of income. There is no finding that the return of income filed by the loan creditors have been rejected by their assessing officers. Rather there have been regular assessment of the loan creditors for different years whereby the returns filed by the loan creditors have been accepted. Reference in this regard is made to the decision of the Hon'ble jurisdictional Calcutta High Court in the case of CIT v. Dataware Pvt. Ltd (supra) wherein the Hon'ble Court held as under:-*

*"In our opinion. in such circumstances, the Assessing officer of the assessee burden of assessing the profit and loss account of the creditor when admittedly the creditor himself is an income tax assessee. After*



*getting the PAN number and getting the information that the creditor is assessed under the Act, the Assessing officer should enquire from the Assessing Officer of the creditor as to the genuineness" of the transaction and whether such transaction has been accepted by the Assessing officer of the creditor but instead of adopting such course, the Assessing officer himself could not enter into the return of the creditor and brand the same as worthy of credence. So long it is not established that the return submitted by the creditor has been accepted by its Assessing Officer, the Assessing officer of the assessee is bound to accept the same as genuine when the identity of the creditor and the genuineness" of transaction through account payee cheque has been established. We find that both the Commissioner of Income Tax (Appeal) and the Tribunal below followed the well-accepted principle which are required to be followed in considering the effect of Section 68 of the Act and we thus find no reason to interfere with the concurrent findings of fact recorded by both the authorities."*

8.2 The Co-ordinate Bench of the Tribunal (supra) after consideration the submission of the parties upheld the order of the Ld. CIT(A). Respectfully following the above finding of the Co-ordinate Bench of the Tribunal (supra), the addition in respect of laon from M/s Rotomac Vinimayv P Ltd in the instant case is also set aside and deleted. The ground No. 1 of the appeal of the assessee is accordingly allowed.


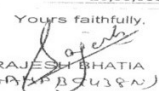
9. The ground No. 2 of the appeal relates to addition of Rs.40 lakhs being loan of Rs. 20 lakhs each from M/s Riddhi International and M/s Orataman Realtors. We find that on this issue the Ld. CIT(A) has directed the Assessing Officer for verification as under:

*"As regards the addition of Rs. 40,00,000/- being loan of Rs 20,00,000 each from M/s. Riddhi International and M/s. Orataman Realtors, the assessee submitted that the loan was availed in the earlier years and squared off in year under consideration. In view of this, the AO is directed to verify the balance sheet of the assessee and ascertain whether the outstanding loan in the names of the aforesaid loan creditors was a part of the closing balance of unsecured loans as on 31.3.2014. In the event the finding is affirmative, the AO may*



provide consequent relief to the assessee and delete the addition of Rs 40,00,000. Ground no 1 is partly allowed.”

9.1 We have heard rival submission of the parties and perused the relevant material on record. On verification of the ledger account of these two parties, we find that loan from M/s Orataman Realtors was received in the month of June and July 2013 i.e. corresponding to assessment year 2014-15. Similarly, in the case of M/s Riddhi International also loan of Rs.20 lakhs was received for the period from 9<sup>th</sup> to 20<sup>th</sup> July, 2013, which also falls in assessment year 2014-15. The relevant part of their confirmation is reproduced as under:

To : RIDDHI INTERNATIONAL 101, 1ST FLOOR, SY. NO.368, KOHINOOR SOCIETY, VARACHHA RD., SURAT-395003 Dear Sir/Madam,		From : RAJESH BHATIA 202, MORYA REGENCY, DR. AMBEDKAR ROAD, KHAR (WEST) MUMBAI.			
		Dated: 1-Apr-2014			
Sub : Confirmation of Accounts 1-Apr-2013 to 31-Mar-2014					
Given below is the details of your Accounts as standing in my/our Books of Accounts for the above mentioned period.					
Kindly return 3 copies stating your I.T. Permanent A/c No., duly signed and sealed, in confirmation of the same. Please note that if no reply is received from you within a fortnight, it will be assumed that you have accepted the balance shown below.					
Date	Particulars	Debit Amount	Date	Particulars	Credit Amount
			9-Jul-2013	Bank Ch. No. :002720 INTREST FREE LOAN RECEIVED	12,00,000.00
			10-Jul-2013	Bank Ch. No. :002725 INTEREST FREE LOAN RECEIVED	3,00,000.00
			20-Aug-2013	Bank Ch. No. :002658 INTEREST FREE LOAN RECEIVED.	5,00,000.00
			<u>AY 2014-15</u>		
	Closing Balance	20,00,000.00			20,00,000.00
		20,00,000.00			20,00,000.00
I/We hereby confirm the above For RIDDHI INTERNATIONAL  Proprietor I.T. PAN No. : AMRPB3416A			Yours faithfully,  RAJESH BHATIA (CAPTAIN BUNSEN)		



9.2 We find that the Ld. CIT(A) had already directed the Assessing Officer for deleting the addition subject to verification whether that loan was as appearing as opening balance in the year under consideration. If the Assessing Officer has not decided the issue we direct the Assessing Officer to verify the ledger account of those parties in the books for the assessee in the year under consideration and delete the addition accordingly. The ground No. 2 of the appeal of the assessee is also allowed.

10. In the result, the appeal of the assessee is allowed.

**Order pronounced in the open Court on 22/10/2024.**

**Sd/-  
(SUNIL KUMAR SINGH)  
JUDICIAL MEMBER**

**Sd/-  
(OM PRAKASH KANT)  
ACCOUNTANT MEMBER**

Mumbai;  
Dated: 22/10/2024  
Rahul Sharma, Sr. P.S.

**Copy of the Order forwarded to :**

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Mumbai
5. Guard file.

//True Copy//

BY ORDER,  
(Assistant Registrar)  
**ITAT, Mumbai**