

आयकर अपीलीय अधिकरण
कोलकाता 'सी' पीठ, कोलकाता में
**IN THE INCOME TAX APPELLATE TRIBUNAL
KOLKATA 'C' BENCH, KOLKATA**

श्री राजेश कुमार, लेखा सदस्य
एवं
श्री प्रदीप कुमार चौबे, न्यायिक सदस्य
के समक्ष
Before

**SRI RAJESH KUMAR, ACCOUNTANT MEMBER
&
PRADIP KUMAR CHOUBEY, JUDICIAL MEMBER**

**I.T.A. No.: 1545/KOL/2024
Assessment Year: 2015-16**

***Aryavrat Savingsunit Limited.....Appellant
[PAN: AACCA1111H]***

Vs.

DCIT, Circle-1(1), Kolkata.....Respondent

Appearances:

Assessee represented by: P.K. Himmatsinghka, AR.

Department represented by: Monalisha Pal Mukherjee, JCIT.

Date of concluding the hearing : September 26th, 2024

Date of pronouncing the order : November 29th, 2024

ORDER

Per Pradip Kumar Choubey, Judicial Member:

This appeal filed by the assessee pertaining to the Assessment Year (in short 'AY') 2015-16 is directed against the order passed u/s 250 of the Income Tax Act, 1961 (in short the 'Act') by Id. Commissioner of Income-tax (Appeals)-NFAC, Delhi [in short Id. 'CIT(A)'] dated 30.05.2024 arising out of the assessment order framed u/s 143(3) of the Act dated 17.11.2017.

1.1. The brief facts of the case of the appellant are that the assessee is a Non-Banking Financial service in short NBFC engaged in the business of sale and purchase of shares on regular basis. The assessee filed its return of

income on 16.09.2015 declaring total income of Rs. of Rs. 84,28,880/-. The case of the assessee was selected for scrutiny, notice 142(1) of the Act was issued that was duly complied by the assessee. In course of the assessment the Assessing Officer (hereinafter referred to as ld. 'AO') alleged that profit of Rs. 9,48,344/- arising on the sale of shares of GCM Securities Ltd. and loss of Rs. 41,85,268/- arising on the sale of shares of Rajlaxmi Industries Ltd. were bogus and accordingly, the Ld. AO added back the said profit and loss in the total income of the appellant. The said order has been placed by the assessee before the Ld. CIT(A) wherein after hearing the parties Ld. CIT(A) has directed the Ld. AO to verify whether the sum already forms part of the total income under the head 'income from business and profession', if this then further addition would tantamount to double addition, with respect to the profit of Rs. 9,48,344/- from transaction in the shares of GCM Securities Ltd. but so far, the disallowing sale consideration of Rs. 41,85,268/- from sale of shares of Rajlaxmi Industries Ltd. the appeal of the assessee has been dismissed.

Being aggrieved and dissatisfied with the impugned order, the present appeal has been preferred.

1.2. Ld. Counsel for the assessee challenges the impugned order thereby submitting that the Ld. AO as well as Ld. CIT(A) did wrong and passed order without going over the documentary evidences filed by the assessee in which assessee has explained that entire transaction was *bona fide* one. The ld. Counsel for the assessee submits that Ld. CIT(A) did not appreciate the facts in proper perspective that sale proceeds were already credited in the audited books as revenue receipts and any further attempt in making addition amounts to double addition. The ld. Counsel for the assessee further submits that entire sale proceeds already been credited as trading receipts under Schedule/Note 16 as sales of shares and securities in the audited profit and loss account under the group 'revenue from operation'. The ld. Counsel for the assessee further submits that the appellant has made valid purchase of the said shares through banking channels and sold them through recognized stock exchange and also received sale consideration in his bank accounts.

Hence, the addition made by the Ld. AO and disallowance of the loss is unlawful and bad in law. The ld. Counsel for the assessee filed the following papers before us:

- i) Computation of Income for the asst, year 2015-16
- ii) Audited Financial Statement as on 31-03-2015
- iii) Details of purchase & sale of shares Rajlaxmi Industries Ltd.
- iv) Contract note of purchase & sale of Rajlaxmi Industries Ltd.
- v) Demat statement of In & Out of Rajlaxmi Industries Ltd.
- vi) Statement of payment & received along with Bank Statement
- vii) Statement of stock quantity & valuation from 01-04-2014 to 31-03-2015

1.3. On the contrary, the ld. DR supports the impugned order.

2. We have perused the order as well as facts of the case of the assessee. The facts in nutshell are that the assessee purchased 6400, 1200 and 3200 equity shares of M/s. GCM Securities Ltd. and 8000 and 8500 equity shares of Rajlaxmi Industries Ltd. respectively through M/s. Eureka Stock and Broking Services Ltd. the registered broker of the assessee, online from the trading platform of stock exchange. On perusal of the order of the Ld. AO it appears to us that the Ld. AO in his findings has held that the transaction related to trading in the two scrips namely Kailash Auto Ltd. and Cressenda Solutions Ltd. are bogus, coloured and not genuine. It is surprising to us that the scrips of Kailash Auto Ltd. and Cressenda Solutions Ltd. are not relevant to the appellant's transaction. It is also important to mention here that Ld. CIT(A) in its order has directed the Ld. AO to verify taxation of profit of Rs. 9,48,344/- from transaction in the shares of M/s. GCM Securities Ltd. that whether this sum already forms part of the total income under the head 'income from business and profession'. But at the same time, he did not consider the documentary evidences filed by the appellant with respect to the shares of Rajlaxmi Industries Ltd. We have gone through the documents filed by the assessee and find that assessee filed audited financial statements as on 31.03.2015 and at page 11 which deals thus:

ARYAVRAT SAVINGS UNIT LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2015

PARTICULARS	Note	Figures at the end of the Current reporting period	Figures at the end of the Previous reporting period
<u>INCOME</u>			
Revenue from Operation	16	66,539,682	29,139,768
Other Income	17	463,072	439,113
Total		67,002,754	29,578,881
<u>EXPENSES</u>			
Purchase	18	56,741,410	23,508,338
Change in Inventories	19	(1,635,834)	5,313,007
Employee Benefit Expense	20	404,197	207,993
Finance Cost	21	338,498	-
Depreciation	22	39	3,661
Other Expenses	23	560,100	186,138
Total		56,408,409	29,219,136
Profit Before Tax		10,594,346	359,744
Tax Expense			
Current Tax		(2,608,500)	(42,000)
Income Tax Adjustment		(119)	-
Deferred Tax		(443,875)	197
Mat Credit Adjustment		(372,660)	14,156
Profit For the Year		7,169,192	332,097
Earning Per Share			
Basic & Diluted	24	4.94	0.23
SIGNIFICANT ACCOUNTING POLICIES	1		
OTHER NOTES ON ACCOUNTS	25		

For and on behalf of the Board

ARYAVRAT SAVINGS UNIT LTD.
[Signature]
Director

Place : Kolkata

Date : 26/06/2015

ARYAVRAT SAVINGS UNIT LTD.



In terms of our report of even date
FOR MAROTI & ASSOCIATES
(Chartered Accountants)

[Signature]

Komal Surana
(Partner)

M. No. : 303583

Firm Reg. No. : 322770E

2.1. We have also gone through the details of purchase and sales of shares of Rajlaxmi Industries Ltd. which is as such:

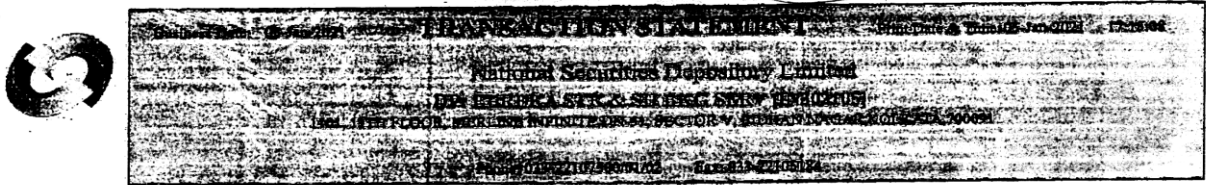
ARYAVRAT SAVINGS UNIT LIMITED

Details of Purchase & Sale of Shares Rajlaxmi Industries Ltd.

A.Y.- 2015-16

PURCHASE					S A L E					
Sl.No.	Name of the Script	Date	No.of Sh.	Unit Price	Total	Date	No.of Sh	Unit Price	Amount	Gain/Loss
1	RAJLAXMI INDUSTRIES LT	17/09/2014	8000	306.31	24,50,472	22/12/2014	14000	282.08	39,49,118	
		26/09/2014	8500	296.4	25,19,412	17/03/2015	2500	94.46	2,36,150	
			16500		49,69,884		16500		41,85,268	-784616

2.2. The assessee has also filed demat statement of in and out of Rajlaxmi Industries Ltd. in respect to the transaction with M/s. Eureka Stock and Broking Services Ltd. which is as under:



Selection Criteria:		Transaction From Date: 01/04/2014	Transaction To Date: 31/03/2016	ISIN : ALL
Account No.	10011803	Account Status	Active	
Category	Non House Beneficiary	Beneficiary Type	Body Corporate	Domestic
Name	ARYAVRAT SAVINGS UNITS LTD.			
Address	P S ICL 3RD FLOOR ROOM NO- 305 NEW TOWN ROAD POST R GOPALPUR KOLKATA			
Pin Code	700136			

You can now hold your mutual fund investments in this demat account. Contact your Depository Participant or your stock broker for more information.

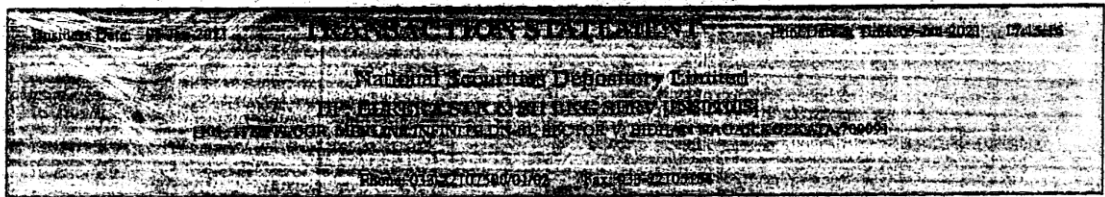
Booking Date	Beneficiary No.	Description	Quantity	Rate	Balance
	INB111B01023	63 MOONS TECHNOLOGIES LIMITED BQ FV RS. 2/-			
				Opening Balance :	0
16-Dec-2015	70000004201070	By CM EUREKA STOCK AND SHARE BROKING SERVICES LTD. NORMAL / 2015235	2,500		2,500
16-Dec-2015	10000004281775	To CM EUREKA STOCK AND SHARE BROKING SERVICES LTD. NORMAL / 2015236		2,500	0
				Closing Balance :	0

INE767A01016		AARTI DRUGS LIMITED EQ				
Beneficiary					Opening Balance :	0
27-Mar-2015	70000003546176	By CM EUREKA STOCK AND SHARE BROKING SERVICES LTD. NORMAL / 2015057	500		500	
10-Apr-2015	10000003660271	To CM EUREKA STOCK AND SHARE BROKING SERVICE LTD. ROLLING MKT LOT / 1516008		500	0	
					Closing Balance :	0
INE066C01035		ACIL COTTON INDUSTRIES LIMITED EQ NEW F.V. RE.1/-				
Beneficiary					Opening Balance :	145,000
27-Feb-2015	70000003462596	By CM EUREKA STOCK AND SHARE BROKING SERVICE LTD. ROLLING MKT LOT / 1415222	50,000		195,000	
					Closing Balance :	195,000

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INE302M01033		PRABHAT DAIRY LIMITED EQ NEW F.V. RS. 10/-				
Beneficiary					Opening Balance :	0
26-Oct-2015	70000004073230	By CM EUREKA STOCK AND SHARE BROKING SERVICES LTD. NORMAL / 2015200	2,500		2,500	
					Closing Balance :	2,500
INE603A01013		PRAKASH INDUSTRIES LIMITED EQ				
Beneficiary					Opening Balance :	3,000
05-May-2014	10000002601875	To CM EUREKA STOCK AND SHARE BROKING SERVICES LTD. NORMAL / 2014082		3,000	0	
					Closing Balance :	0

INE986B01036		RADHB DEVELOPERS INEMA LIMITED EQ NEW F.V. RS. 10/-				
Beneficiary					Opening Balance :	0
20-Feb-2015	70000003440732	By CM EUREKA STOCK AND SHARE BROKING SERVICE LTD ROLLING MKT LOT / 1415216	30,000		30,000	
					Closing Balance :	30,000
INE400001015		RAJLAXMI INDUSTRIES LIMITED EQ				
Beneficiary					Opening Balance :	0
19-Sep-2014	70000003017728	By CM EUREKA STOCK AND SHARE BROKING SERVICE LTD ROLLING MKT LOT / 1415117	8,000		8,000	
30-Sep-2014	70000003051420	By CM EUREKA STOCK AND SHARE BROKING SERVICE LTD ROLLING MKT LOT / 1415124	8,500		16,500	
					Closing Balance :	16,500

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 <div style="background-color: black; color: white; padding: 5px; text-align: center;"> THE ARYAVRAT SAVINGS UNIT LIMITED 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000. </div>						
Booking Date	Account No.	Description	Debit	Credit	Balance	
22-Dec-2014	10000003355017	To CM EUREKA STOCK AND SHARE BROKING SERVICE LTD ROLLING MKT LOT / 1415178		14,000	2,500	
17-Mar-2015	10000003600242	To CM EUREKA STOCK AND SHARE BROKING SERVICE LTD ROLLING MKT LOT / 1415236		2,500	0	
					Closing Balance :	0
INE207B01023		RAM RATNA WIRES LIMITED EQ NEW RS. 5/-				
Beneficiary					Opening Balance :	0
17-Mar-2016	70000004443698	By CM EUREKA STOCK AND SHARE BROKING SERVICE LTD ROLLING MKT LOT / 1516239	10,000		10,000	
					Closing Balance :	10,000
INE027A01015		RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED EQ				
Beneficiary					Opening Balance :	0
11-Mar-2016	70000004429723	By CM EUREKA STOCK AND SHARE BROKING SERVICE LTD ROLLING MKT LOT / 1516235	15,000		15,000	
					Closing Balance :	15,000

INE020B01018		REC LIMITED EQ								
Beneficiary								Opening Balance :		0
11-Mar-2016	7000000429805	By CM EUREKA STOCK AND SHARE BROKING SERVICES LTD. ROLLING MKT LOT / 1516235				3,000			3,000	
16-Mar-2016	10000004513057	To CM EUREKA STOCK AND SHARE BROKING SERVICES LTD. NORMAL / 2016052					3,000			0
								Closing Balance :		0
INE330H01018		RELIANCE COMMUNICATIONS LIMITED EQ								
Beneficiary								Opening Balance :		1,000
16-Jan-2015	10000003420912	To CM EUREKA STOCK AND SHARE BROKING SERVICES LTD. NORMAL / 2015012					1,000			0
								Closing Balance :		0
INE751D01014		SANDU PHARMACEUTICALS LIMITED EQ								
Beneficiary								Opening Balance :		0
12-Jan-2016	70000004283941	By CM EUREKA STOCK AND SHARE BROKING SERVICE LTD. ROLLING MKT LOT / 1516194				2,000			2,000	

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2.3. We have also gone through the statement of payment and receipt with bank statement filed by the assessee which is as follows:

ARYAVRAT SAVINGS UNIT LIMITED

A.Y.2015-16

PAYMENT & RECEIPT FROM EUREKA STOCK & SHARE BROKING SERVICES LTD.
(RAJLAXMI INDUSTRIES LTD.)

PURCHASE OF SHARES										
Sl No.	Date	Name of Script	Qty	Value	Payment Date	Amount	Ch.No.	Receipt Date	Amount	Bank
4	17/09/2014	RAJLAXMI INDUSTRIES LTD.	8000	24,50,472	17/09/2015	25,00,000	140268			Axis Bank
5	26/09/2014	RAJLAXMI INDUSTRIES LTD.	8500	25,19,412	24/09/2014	25,00,000	140271			Axis Bank
SALE OF SHARES										
10	22/12/2014	RAJLAXMI INDUSTRIES LTD.	14000	39,43,910			98343	27/12/2014	39,34,000	IDBI Bank
11	17/03/2015	RAJLAXMI INDUSTRIES LTD.	2500	2,36,150						Adjusted with purchase

3. Going over the entire documents as discussed above, we find that appellant has made valid purchase of the said shares through regular banking channels, held them in demat account and thereafter sold them through recognized stock exchange at the prevalent market rates and also received the

sale consideration in his bank accounts. It admits of no doubt that the assessee is in the business of trading in shares and carries a large number of transaction payments are made by the broker at regular/periodic intervals. The payments for the said shares were credited to the running account of the assessee maintained with M/s. Eureka Stock and Broking Services Ltd. The appellant has filed sufficient documentary evidences, bank statement, demat account, contract notes of sale, details of purchase and sales of shares of Rajlaxmi Industries Ltd. and hence, we are in this view that appellant had offered complete explanation supported by documentary evidences conclusively establishing the genuineness of the transaction carried out by him. We do not find anything in the order of the Ld. AO as well as the Ld. CIT(A) to discard the documentary evidences of the assessee. Accordingly, the appeal of the assessee is hereby allowed, the addition made by the Ld. AO with regard to Rajlaxmi Industries Ltd. are hereby deleted.

4. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open Court on 29th November, 2024.

Sd/-

[Rajesh Kumar]
Accountant Member

Sd/-

[Pradip Kumar Choubey]
Judicial Member

Dated: 29.11.2024

Bidhan (P.S.)

Copy of the order forwarded to:

1. **Aryavrat Savingsunit Limited, C/o. P.K. Himmatsinghka & Co., 41, B. B. Ganguly Street, Central Plaza, 2nd Floor, Kolkata, West Bengal, 700012.**
2. **DCIT, Circle-1(1), Kolkata.**
3. CIT(A)-NFAC, Delhi.
4. CIT-
5. CIT(DR), Kolkata Benches, Kolkata.
6. Guard File.

//True copy //

By order

Assistant Registrar
ITAT, Kolkata Benches
Kolkata