

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'G' NEW DELHI
BEFORE
BEFORE SHRI SHAMIM YAHYA, ACCOUNTANT MEMBER
AND
SHRI YOGESH KUMAR U.S., JUDICIAL MEMBER
ITA No. 1647/Del/2024, (A.Y.2013-14)**

Dy. Commissioner of Income Tax, Aayakar Bhawan, Near Bhainsali Ground, Meerut, Uttar Pradesh	Vs.	Solitaire Foods Private Limited 108, first Floor, No. 53, Hasanpur Village, Patparganj, Delhi PAN No: AAATU1532F
(Appellant)		(Respondent)

Appellant by	Sh. Rohit Agarwal, CA
Respondent by	Sh. Piyush Tripathi, Sr. Dr

Date of Hearing	07/11/2024
Date of Pronouncement	25/11/2024

ORDER

PER YOGESH KUMAR U.S., JM :

This appeal is filed by the Assessee against the order of Learned Commissioner of Income Tax (Appeals)-3 Noida, ["Ld. CIT(A)", for short], dated 13/02/2024 for the Assessment Year 2013-14.

2. The grounds of Appeal are as under: -

"1. Whether on facts and circumstances of the case and in law, the Ld. CIT(A)-3, Noida has erred in deleting the addition of Rs.3,34,70,889/- made by the AO by treating the advances of Rs.2,73,00,000/- made to suppliers and other advances of Rs.61,70,889/- as unexplained, without appreciating the fact that the assessee failed to explain the genuineness of transactions during the course of assessment proceedings.

2. *Whether on facts and circumstances of the case and in law, the Ld. CIT(A)-3, Noida has erred in deleting the addition of Rs. 15,78,00,000/- made by the Assessing Officer u/s 40A(3) of Act, 1961 on account of cash purchases made by the assessee. without appreciating the fact that no cogent explanation or documentary evidence had been furnished by the assessee in support of exception as provided under Rule 6DD of the Income Tax Rules, 1962 during the course of assessment proceedings.*

3. *Whether on facts and circumstances of the case and in law, the Ld. CIT(A) has erred deleting the addition of Rs. 1,90,00,000/- made by the AO u/s 68 of the Act on account of unsecured loan given by the assessee by not appreciating the fact that the creditworthiness and genuineness of this transaction have not been established properly for want of sufficient documentary evidences during the course of assessment proceedings.*

4. *Whether on facts and circumstances of the case and in law, the Ld.CIT(A) is justified while admitting the additional evidences ignoring the fact that the conditions of Rule -46A(1) of Income Tax Rules, 1962 under which additional evidences could not be filed before the Ld.CIT(A) were not satisfied.*

5. *Whether on facts and circumstances of the case and in law, the Ld. CIT(A) is justified in pronouncing its decision only based upon the judgements in favor of the appellants. However, reliance should also have been placed on other judicial pronouncements and analysis with respect to the case. Like: Decision of Hon'ble Supreme Court in the case of Kale Khan Mohammad Hanif v. CIT [1963] 50 ITR 1 wherein it has been held that "If an assessee fails to prove satisfactorily the source and nature of certain amount received during the accounting year, the Assessing Officer is entitled to draw the inference that the receipts are of an assessable nature". Further, in the case of Som Nath Maini v CIT, [2008] 306 ITR 414 the Hon'ble Punjab and Haryana High Court has also held that "the burden of proving that income is subject to tax is on the Revenue but on the facts, to show that the transaction is genuine, burden is primarily on the assessee."*

3. Brief facts of the case are that, the Assessee filed return of income declaring an income of Rs. 179,15,450/- the Return filed by the Assessee

was selected for scrutiny and the assessment has been completed on 28/03/2016 u/s 143(3) of the Act by accepting the returned income. A search and seizure operation carried out on the Assessee and other group entities/person on 05/02/2017 and a notice u/s 153A was issued to the Assessee on 08/10/2010. The assessment order came to be passed u/s 153A read with Section 143(3) of the Act on 28/12/2018 wherein returned income of the Assessee was accepted. Thereafter the Ld. PCIT, Central Kanpur vide order dated 01/03/2021 by invoking the provision of Section 263 of the Act quash the said assessment order and directed the A.O. to pass fresh assessment after making proper enquiry. Pursuant to the order of the Ld. PCIT and an assessment order came to be passed u/s 263/153/143(3) of the Act on 28/02/2022 assessing the income of the Assessee at Rs. 22,81,86,339/- as against the returned income of Rs. 1,79,15,450/- by making addition of Rs. 21,02,70,889/- on following three issues:-

- *“An addition of Rs.3,34,70,889/-, was made holding that the advances given by the appellant to various parties and suppliers were unexplained advances.*
- *A disallowance of Rs. 15,78,00,000/-, was made holding that the cash purchases made by the appellant from milk producers were to be disallowed u/s 40A(3) of the Act.*
- *An addition of Rs. 1,90,00,000/- was made holding that the unsecured loan given by the appellant of the said amount was unexplained in terms of section 68 of the Act.”*

4. Aggrieved by the Assessment order dated 28/02/2022 the Assessee preferred an appeal before the Ld. CIT(A). During the appeal proceedings, the Assessee has also produced various documents in support of its claim. The Ld. CIT(A) called for two remand reports from the A.O. and ultimately on 13/02/2024 decided all the above three issues in favour of the Assessee by deleting the additions made by the A.O. Aggrieved by the order of the Ld. CIT(A) in deleting the addition made by the A.O. the Department of Revenue is before us by way of present Appeal challenging the order of the Ld. CIT(A) dated 13/02/2024.

5. The Ld. Departmental Representative submitted that the Ld. CIT(A) has committed error in deleting the addition made by the A.O. and by relying on the adjudication, finding and the conclusion made by the A.O. in his assessment order sought for allowing the Appeal filed by the Department.

6. Per contra, the Assessee's Representative submitted on all the three additions made by the A.O., the Assessee has produced sufficient documents to prove the case of the Assessee in order to delete the addition and the Ld. CIT(A) after calling for two remand reports from the A.O. satisfied itself and deleted the additions made by the A.O, therefore, submitted that the Grounds of appeal of the Revenue are not tenable.

7. We have heard both the parties and perused the material available on record. During the appellate proceedings the Ld. CIT(A) while deleting all the three additions relied on the remand reports submitted by the A.O. and deleted the additions in following manners: -

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OBSERVATIONS & DECISION

6. In the light of the above submissions, report of the AO and rejoinder submitted by the AR, the various grounds of appeal are adjudicated, as below:

6.1 Ground of appeal No. 1 In this ground of appeal, the AR has contested the addition of Rs. 2,73,00,00/- & Rs. 61,70,989/- as unexplained advances. The AO in her remand report on the said issue dated 05.10.2023 has submitted as under (full report of AO has been reproduced above in the order):

“Advance to Suppliers of Raw Materials of Rs.2,73,00,000/-

During the course of appellate proceedings before your honor, the assessee has application under Rule 46A of I.T. Rules 1962 along with requisite details in support of the advances to Suppliers of Raw Materials made during the F.Y. 2012-13. In its application it is stated that the advance to suppliers of raw materials has been made to Smt. Kamlesh Singh during the F.Y. 2012-13. In support of its submission, copy of account of Smt. Kamlesh Singh for the E.Y. 2012-13, 2014-15, respective bills against purchases made from Smt. Kamlesh Singh, copy of bank account with an application under Rule 46A of the I.T. Act, 1962, has been submitted by the assessee along with submission. On perusal of the same, it is seen that during the year under consideration, the appellant had paid advance against Raw Material to Smt. Kamlesh Singh amounting to Rs.3,26,50,000/- and also had repaid the amount of Rs.53,50,000/-, thus there is a net loan outstanding in the name of the appellant at the end of the year was Rs.2,73,00,000/-. In respect of the advance made, respective purchase had also been made during the F.Y. 2014-15 for the corresponding amount. In support copy of purchase bills has also been enclosed with the submission.

In view of the above, the issue may be decided on the merits of the case.

Other Advances of Rs.61,70,889/-

In respect of other advances of Rs.61,70,889/-, the following observations has been made:

Sl. No.	Name of the Party to whom advance has been made	Amount of Advance (Rs.)	Date of Advance	Remark, if any
1.	Meca Quilts Ltd.	29,12,000/-	Advance made during the F.Y. 2012-13 against land purchases,	The same has been repaid during the F.Y. 2013-14
2.	JVRS Projects & Engineers	6,57,681/-	Opening Balance for the A.Y. 2013-14	The same has been repaid during the F.Y. 2015-16
3.	M. F. Engineer Works	3,05,650/-	Opening Balance for the A.Y. 2013-14	The same has been repaid during the F.Y. 2015-16
4.	Rajesh Kumar	1,18,000/-	Opening Balance for the A.Y. 2013-14	The same has been repaid during the F.Y. 2014-15
5.	Shiv Insulations	1,50,000/-	Opening Balance for the A.Y. 2013-14	Machinery been had purchased during the F.Y. 2014-15 against advance.
6.	ZA Engineering Works	5,29,492/-	Opening Balance for the A.Y. 2013-14 is Rs. 2,58,713/-	Advances had been made during the year totalling to Rs.4,20,000/-. In respect of the advances made Plant and machinery worth Rs.1,49,221/ has received during the same year, thus leaving the net balance of Rs.5,29,492/-. However,



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				filed apart from the copy of account of the party.
7.	Rawat Contractor	28,300/-	Opening Balance for the A.Y. 2013-14	The same has been repaid in cash during the F.Y. 2014-15
8.	Electricity Security Deposit	10,99,616/-	Opening Balance for the A.Y. 2013-14 is Rs. 6,15,600/-	Fresh advance of Rs. 4,84,016/- has been made during the year through cheque no. 847057, copy of bank enclosed.
9.	Prepaid Expenses	1,50,150/-	Opening Balance for the A.Y. 2013-14 is Rs. 1,40,062/-	
10.	Advance against salary	3,20,000	Opening Balance Nil	Fresh advance of Rs. 3,00,000/- has been made to Shri Girija Shankar and Rs. 20,000/- to Shri Ashok Sharma during the year.

In view of the above the submission made by the assessee and the documentary evidences submitted along with were verified, may be considered and the addition on this ground may be decided on the merits of the case."

In view of the submissions of the appellant and the report of the AO, it is seen that the advance of Rs. 2,73,00,000/- was made to Smt. Kamlesh Singh for supply of raw material. In support of his contentions, the AR has submitted the copy of account with the supplier along with respective bills of purchase. The copy of account with Smt. Kamlesh Singh is scanned below for ready reference:

Solitaire Foods Pvt Ltd
AAF-05 AZURSHIPRA KRISHNA
Kashambhi
Ghaziabad
U.P.

Kamlesh Singh
Ledger Account

1-Apr-2014 to 31-Mar-2015

Date	Particulars	Vch Type	Vch No.	Debit	Page I Credit
1-4-2014	Cr Opening Balance			2,73,00,000.00	
10-4-2014	Dr Milk Purchase PURCHASE BILL PERIOD 1.04.2014 TO 10.04.2014	Purchase	16		71,93,908.00
17-5-2014	Dr Milk Purchase PURCHASE BILL PERIOD 01.05.2014 TO 16.05.2014	Purchase	53		81,42,723.00
10-8-2014	Dr Milk Purchase PURCHASE BILL PERIOD 1.08.2014 TO 10.08.2014	Purchase	258		46,23,353.00
25-11-2014	Dr Milk Purchase PURCHASE BILL PERIOD 15.11.2014 TO 25.11.2014	Purchase	407		48,74,748.00
20-2-2015	Dr Milk Purchase PURCHASE BILL PERIOD 17.02.15 TO 20.02.15	Purchase	536		22,55,268.00
				2,73,00,000.00	2,73,00,000.00



So, on the issue of advances to others amounting to Rs. 61,70,889/-, it is observed from the report of the AO that the same are business advances given to various

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concerns and the AO has given detailed findings with respect to the year and the purpose for making the said advances. The appellant has also filed the copies of accounts of all the business advances which are placed at pages 3 to 11 & 19 to 20 of the paper book. As the advances given have been duly explained by the appellant during the remand proceedings, along with necessary evidence, the addition made on advances given is not found sustainable as the advances are duly reflected in the books of accounts. Hence, the addition made on the above ground is deleted.

Accordingly, this ground of appeal is allowed.

6.2 Ground of appeal No. 2: In this ground of appeal, the AR has contested the addition of Rs. 15,78,00,000/- u/s 40A(3) of the Income Tax Act, 1961. The AR in the said ground of appeal has contested that the said disallowance is uncalled for as the cash payments are duly covered under Rule 6DD of the Income Tax Rules, 1962. The AO in her remand report on the said issue has submitted as under (full report of AO has been reproduced above in the order):-

"Now, the appellant has filed Form 3CD physical on perusal of which, it is noticed No. 17(h)B specifically provides that the company had made cash payment of Rs.13,67,21,075/- to farmers/milk suppliers/VLC and the same is covered under Rule 6DD.

It is further submitted that the Auditors of the Company have vide Note No.25 forming part of Financial Statement year 2012-13 has stated as under:

25. Cash Purchases/Sales/Transaction.

"The Company in the Business of Milk trading and milk is procured from Farmers/Suppliers. The Farmers as well as VLC suppliers are in capacity of a retail/small, suppliers and from remote area of the villages. They accept the consideration only in cash and nothing else. Under these circumstances the company is bound to pay and buy in cash. During the Year the company has purchased Raw milk from these parties for sum Rs, 15.78 crores. Similarly the company has sold in retail to small buyers against cash for sum of Rs.4.14 crores."

As per report of the AO, the cash payments made by the assessee to farmers/milk suppliers are covered under Rule 6DD of the Income Tax Rules, 1962. The sub-clause (2) of clause 'e' to Rule 6DD, clearly states that no disallowance u/s 40A(3) shall be made where the cash payment has been done for the purchase of produce of animal husbandry or dairy or poultry farm. The case of the appellant falls within the four corners of the said Rule.

The appellant has also furnished complete list of the milk suppliers along with confirmations of all the parties by whom the milk was supplied totaling to Rs. 15,78,00,682/-. The said documents are placed at pages 21 to 52 of the paper book under Rule 46A dated 18.02.2023. One of the confirmations of the milk supplier is scanned below for ready reference:



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67, Chnutta, Nagar Panchayat, Muzzaffernagar, U.P. 251301

मैं आदित्य कुमार पुत्र श्री प्रमोद कुमार निवासी 67, चौहट्टा, नगर पंचायत, मुजफ्फरनगर, उ.प्र. 251301 से साव्यपित्त करता हूँ कि मैं आदित्य डेयरी के नाम से पशुपालन के कार्य में संलग्न हूँ। मेरे पास गाय और भैंसों का संयोज है जिन्हें द्वारा मुझे समय-2 पर और अलग-2 तबकाद में दूध की प्राप्ति होती है और इसी प्राप्ति दूध मे से मेने वित्तीय वर्ष 2012-13 के दौरान मेसेर्स सोलिटैयर फूड्स प्राइवेट लिमिटेड को रुपये 3,52,879.00 की बिक्री की गई है।

मैं उपरोक्ता सत्य की पुष्टि करता हूँ और इस संदर्भ में मुझे मेसेर्स सोलिटैयर फूड्स प्राइवेट लिमिटेड से नगद भुगतान की प्राप्ति हो चुकी है।

कुने आदित्य डेयरी
आदित्य कुमार

From the above document, it is clear that the supplier has acknowledged that he is into the business of dairy farming, has livestock in his possession along with shed to secure them. The supplier has also confirmed his address as well as the amount of money he has received from the appellant company for sale of milk. Similar is the nature of confirmations from other suppliers which have been placed on record.

The facts of the case of the appellant are fully covered in the judgment of Hon'ble High Court of Gujarat in the case of Principal Commissioner of Income-tax vs. Shukla Dairy (P.) Limited reported at [2022] 145 taxmann.com 139 (Gujarat), wherein it has been held as under:

"It was noted that assessee submitted all documents and confirmations of all parties and each of party was milk producer, each of them had cattle farm having large number of cattle - Assessee had furnished documents of milk producers such as their declaration, their identity proof, account copy etc. - In declaration it was mentioned that supplier were having own lives stock and own arrangements for shed and milk storage - Accordingly, Tribunal held that Assessing Officer made inquiry into transactions of cashpayments in excess of Rs. 20,000 and action of Assessing Officer in accepting assessee's claim that transactions in question were not in violation of section 40A(3) after detailed inquiry was a plausible view and, thus, revision under section 263 was unjustified - Whether there was no infirmity in impugned order passed by Tribunal so as to give rise to any substantial question of law - Held, yes [Para 10] [In favour of assessee]"

Therefore, in above circumstances, stated legal position and the findings of the AO in the report, the payments made by the appellant to the farmers being correct under Rule 6DD, the disallowance made by the AO is liable to be deleted. Accordingly, this ground of appeal is allowed.

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6.3 Ground of appeal No. 3 In this ground of appeal, the AR has contested the addition of Rs. 1,90,00,000/- u/s 68 of the Income Tax Act, 1961. The AO has made the above addition under the head of "unsecured loans given" u/s 68. It is not clear as to how an advance given has been treated as an unexplained credit entry u/s 68 by the AO. The AR has further submitted that the assessee was not provided details regarding the said "unsecured loan given" during the assessment stage. Further, the AR stated that no such "unsecured loan given" exists in the balance sheet of the appellant. The AR has further stated that there was no transaction of loan/advances on the debit or credit side in the books of accounts of the assessee of an amount equivalent to Rs. 1.90 crores. As per AR, the AO in the remand report stated that Rs. 1.90 crores advance was given by the assessee company to Bhan Singh Nagar during AY 2013-14 against agreement for supply of raw milk but no such query was ever confronted to the appellant during the assessment or remand proceedings.

On the present issue it is observed that the AO has treated the advance given to Shri Bhan Singh Nagar and Ved Parkash Nagar to the extent of Rs. 1.90 crores as unexplained credit u/s 68 of the Income Tax Act, 1961. It needs to be emphasized here that an advance given out of the books of accounts cannot be treated as a credit u/s 68. Still to clarify the issue better, it shall be important to understand the transactions behind the matter. As per documents furnished during the appellate & remand proceedings, Rs. 1.90 crores was advanced to Ved Parkash Nagar and Shri Bhan Singh Nagar. The relevant copies of accounts have been furnished during the proceedings, the same are scanned below for ready reference:

Solitaire Foods Pvt. Ltd.
C-16, 1st Floor
Gokulam Park
Laxmi Nagar
Delhi-110022

VED PRAKESH NAGAR
Ledger Account

1-Apr-2013 to 31-Mar-2013

Date	Particulars	Vch Type	Vch No	Debit	Page
4-2-2013	To SBI C.C.A/C NO. 00000031181415729 Ca. No. JRTGS 5088110033319- 639 TRF TO VED PRAKESH NAGAR	Payment	3080	40,00,000.00	
11-2-2013	To SBI C.C.A/C NO. 00000031181415729 Ca. No. JRTGS 5088110033319- 267 TRF TO VED PRAKESH NAGAR	Payment	3055	25,00,000.00	
20-3-2013	To SBI C.C.A/C NO. 00000031181415729 Ca. No. JRTGS 5088110033319- #18 TRF TO VED PRAKESH NAGAR	Payment	3056	32,00,000.00	
	To SBI C.C.A/C NO. 00000031181415729 Ca. No. JRTGS 5088110033319- #73 TRF TO VED PRAKESH	Payment	3059	43,00,000.00	
	To SBI C.C.A/C NO. 00000031181415729 Ca. No. JRTGS 5088110033319- 589 TRF TO VED PRAKESH NAGAR	Payment	3090	40,00,000.00	
By Closing Balance				1,80,00,000.00	
				1,80,00,000.00	
				1,80,00,000.00	
				1,80,00,000.00	



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Solitaire Foods Pvt. Ltd.
C-18, 1st Floor
Gurunank Pura
Laxmi Nagar
Delhi-110092

Payment Voucher
Group Summary

No. : 3591 Dated : 4-Feb-2013

Particulars	Amount
Account : Advance Against Machinery Bank Charges	10,00,000.00 51.00
Through : SBI C/C AC NO. 0000031361495728 On Account of : Ch. No. : SBINH13035319137 TRF TO VED PRAKESH NAGAR Amount (in words) : Rs. Ten Lakh Fifty One Only	10,00,051.00

Receiver's Signature: _____ Authorised Signatory: _____

The said advances were given for purchase of land and machinery. The relevant land account is also scanned below for ready reference:

Solitaire Foods Pvt. Ltd.
C-18, 1st Floor
Gurunank Pura
Laxmi Nagar
Delhi-110092

Land
Group Summary
1-Apr-2012 to 31-Mar-2013

	Opening Balance	Transactions		Pa Closing Balance
		Debit	Credit	
Lands	3,04,68,129.00 Cr	2,16,540.00		3,06,84,669.00
VED PRAKESH NAGAR		1,80,00,000.00		1,80,00,000.00
Grand Total	3,04,68,129.00 Cr	1,82,16,540.00		4,86,84,669.00



Against the said advance, the land was purchased to the extent of Rs. 75 lacs and the relevant registration deed is placed at pages no. 15 to 34 of the Annexures to the return filed dated 31.10.2012. An amount of Rs. 80 lacs was advanced to...



subsequent years for which the copy of account was also furnished and the same is scanned below for ready reference:

Solitaire Foods Pvt Ltd
AAP-05 AZUR 24-PRA KULSHRA
Kaulimbe
Chandigarh
INDIA
Bhan Singh Nagar
Ledger Account

1-Mar-2013 to 31-Mar-2015

Date	Particulars	Vch Type	Vch No	Debit	Pay Cr
4-1-2015	By Kotak Co A/c No 2211443743 Ch. No. RTGS-NNKPKR301803- 10001487 RECEIVED FROM B- HAN SINGH NAGAR	Receipt	1341		80,00,000.00
19-3-2015	By Kotak Co A/c No 2211988743 Ch. No. RTGS-UBIN452913011- 800107226 TRF TO BHAN SINGH NAGAR	Receipt	1411		40,00,000.00
To Closing Balance					1,20,00,000.00
					80,00,000.00
					80,00,000.00
					1,20,00,000.00

The said payment of Rs. 1.90 crores has been duly made from the bank accounts of the appellant. On the other hand, the Assessing Officer has relied upon an agreement dated 01.11.2013 between the appellant and Shri Bhan Singh Nagar/Ved Parkash Nagar for purchase of raw milk support of the addition made. The agreement relied upon by the AO also mentions the same payments made by the appellant amounting in total to Rs. 1.90 crores during the present assessment year. The cheque numbers and the amounts mentioned in the agreement relied upon by the AO totally correlate to the cheque numbers and amounts as mentioned in the copies of accounts scanned above.

The said payments were made in tranches in the months of February & March, 2013 as is apparent from the copies of account already scanned above but the said agreement for purchase of raw milk is dated 01.11.2013 which is after the date of above payments. The appellant further submitted that the payments had been made via the banking channels in the months of February & March, 2013 for purchase of Land & Machinery which was subsequently executed and the balance money was refunded. The appellant has further stated that as the sellers of the property i.e. Bhan Singh Nagar and Ved Parkash Nagar had change of mind with respect to sale of land, hence a forged agreement for purchase of raw milk was created to avoid the said transaction. It needs to be emphasized here that the alleged agreement for purchase of raw milk carries various cheque numbers and amounts which are actually reflecting in the bank accounts of the appellant pertaining to period February & March, 2013 but the agreement for purchase of raw milk has been created in the Month of October, 2013 i.e. after the alleged payments had been made. Also, the appellant furnished the copy of FIR against the creation of said forged document/agreement for purchase of raw milk which is placed on pages 49 to 52 of the annexures to reply dated 31.10.2023.



Finally, it is also seen that the payments for purchase of land are also clearly mentioned in the sale deed executed subsequently with complete details of cheques

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CIT(A), Ranpur-4/10307/2012-13

numbers and amounts involved. In short, it needs to be emphasized here that the payments made by the appellant amounting to Rs. 1.90 crores are routed through the banking channel, the relevant cheque numbers and the amount details are clearly mentioned in the sale deed of land purchased and the copy of account of machinery, the excess money has been refunded back and all the transactions are recorded in the books of accounts maintained by the appellant company. The above facts were brought to the knowledge of the AO vide email dated 13.11.2023 and reminders sent subsequently dated 20.11.2023 & 27.11.2023. The AO was directed to provide the comments on the issue and reply was received vide letter dated 27.12.2023. The reply has been reproduced above in the appeal order.

In view of the discussion carried out above, it is observed that the addition u/s 68 cannot be made on the basis of advances given. Addition u/s 68 requires the presence of an unexplained credit in the books of accounts. No such unexplained credit has been brought on record by the Assessing Officer in the assessment order. On the contrary, the complete trail of advance given, the movement of funds through the banking channel and the recording of investment in land and machinery in the books of accounts is duly supported by the documents submitted by the appellant in the nature of relevant bank accounts, copy of accounts, copy of sale deed, copy of machinery account etc. Therefore, the addition made by the AO u/s 68 on account of advances given through banking channels and recorded in the books of accounts of the appellant, is not justified. Accordingly, this ground of appeal is allowed.

8. From the above findings of the Ld. CIT(A), it is found that the Ld. CIT(A) called for Remand Reports and the A.O. could not find any error or inconsistency in the documents filed by the Assessee and the Ld. CIT(A) after analyzing the Remand Report has decided the issues in favour of the Assessee. Considering the fact that the order of the Ld. CIT(A) in deleting the addition came to be passed bases on the remand report submitted by the A.O. and in the absence of any adverse remark on the documents submitted by the Assessee in the Remand Report and also in the absence of any material produced by the Department of Revenue to decide the issue

against the Assessee, we find no reason to interfere with the order of the Ld. CIT(A). Accordingly finding no merit in the Grounds of Appeal of the Revenue, we dismiss the Appeal of the Revenue.

Order pronounced in open Court on 25th November, 2024

Sd/-
(SHAMIM YAHYA)
ACCOUNTANT MEMBER

Dated: 25/11/2024

R.N, Sr. PS

Sd/-
(YOGESH KUMAR U.S.)
JUDICIAL MEMBER

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR

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