

**IN THE INCOME TAX APPELLATE TRIBUNAL "A" BENCH, KOLKATA**

**BEFORE SHRI RAJESH KUMAR, AM  
AND  
SHRI PRADIP KUMAR CHOUBEY, JM**

**ITA No.1894/KOL/2024  
(Assessment Year: 2018-19)**

**M/s Parwani Traders Pvt. Ltd.**

C/O, M/s, Salarpuria & Co.,  
3<sup>rd</sup> Floor, 7, C.R. Avenue,  
Kolkata-700072  
West Bengal

**(Appellant)**

**Vs.**

**ITO, Ward-2(1)**

Aayakar Bhawan, P-7,  
Chowringhee Square,  
Kolkata-700069,  
West Bengal

**(Respondent)**

**PAN No. AAACZ3659B**

**Assessee by** : Shri S. Jhajharia, AR

**Revenue by** : Shri Amuldeep Kaur, DR

**Date of hearing:** 18.12.2024

**Date of pronouncement :** 15.01.2025

**ORDER**

**Per Rajesh Kumar, AM:**

This is an appeal preferred by the assessee against the order of the National Faceless Appeal Centre, Delhi (hereinafter referred to as the "Ld. CIT(A)") dated 10.07.2024 for the AY 2018-19.

02. The only issue raised by the assessee in the various grounds of appeal is against the confirmation of addition of ₹1,15,77,674/- by the Id. CIT (A) as made by the Id. AO u/s 68 of the Act.
03. The facts in brief are that the assessee filed the return of income on 26.09.2018, declaring total income of ₹12,05,270/- which was revised on 28.02.2019 with the same income. Thereafter, the case of the assessee was selected for complete scrutiny for verification of



transactions. Accordingly, statutory notices were duly served along with the questionnaire and were also served on the assessee. During the assessment proceedings, the Id. AO called upon the assessee to furnish copy of bank statement of current account no.007383800003751 with the YES Bank with narration of all debit and credit entries, which were duly furnished by the assessee. The Id. AO upon perusal of the same noted that ₹1,15,77,674/- was credited in the account of the assessee from different parties with a narration as loan taken during the year. Accordingly, the assessee issued notice u/s 142(1) dated 05.03.2021, asking to furnish the information/details such as names, addresses, amounts of loan taken, rate of interest etc. along with confirmations and other details such as balance sheets, P&L Accounts, Income Tax Returns, etc., which were replied by the assessee by stating that there is no loan borrowed by the assessee and there was no liability owed to any creditor. Thereafter, the assessee was asked to furnish the details of ₹32,06,000/- reflected as total trade payable in the balance sheet along with names, address, PAN, etc. which were replied on 23.03.2021, submitting that the loan taken was wrongly shown under the head sundry creditors and in fact the assessee has taken loan amounting to ₹15,77,674/- and accordingly, furnished the details. The assessee also filed a corrigendum from the tax auditor of the assessee company i.e. VK Singh & Associates, Chartered Accountants, to the effect that due to inadvertent error the transaction of loan taken by the assessee was wrongly shown as credit payables under the head sundry creditors. The copy of the said corrigendum is filed on page no.97 of the Paper Book. However, the Id. AO did not consider the same and also the evidences filed in the form of name, address, PAN confirmation, etc. and treated the loan as unexplained cash credit u/s 68 of the Act on



the ground that assessee has been frequently changing its stand and it is nothing but own money routed through these unsecured loan and finally, added to the total income of the assessee.

04. In the appellate proceedings, the Id. CIT (A) after taking into account the contention of the assessee noted that assessee had borrowed ₹1,15,77,674 from four parties during F.Y. 2017-18. The Id CIT(A) in the tabulated chart furnished by the assessee, the loans were to the tune of ₹85,08,174/- and not to ₹1,15,77,674/-. The Id. CIT (A) further noted that the assessee has filed the copies of ledger accounts of the parties from the books of M/s Zenstar Dealers P. Ltd., whereas the name of the assessee company is Zendar P. Ltd. and has not filed any confirmation from these parties who have given short term loans to the assessee and finally by relying on the decisions of PCIT vs. M/s NRA Iron and Steel Pvt. Ltd. dated 5th March, 2019 103 taxmann.com 48, held that the Id. AO has rightly added this amount to the income of the assessee.
05. After hearing the rival contentions and perusing the materials available on record, we find that in this case admittedly, the loans taken by the assessee from four parties aggregating to ₹1,15,77,674/-, the details whereof are available at page no.73 of the Paper Book. The said details contained the name of the lenders, PAN no., Addresses, opening balances, loans taken during the year, loans repaid during the year and closing balances. We note from that statement that all these details were before the authorities below and assessee has furnished all the documents qua the lenders along with confirmations which were also available in the Paper Book filed by the assessee. The loan conformations are available at page no.74 to 82. We note that the opening balance of unsecured loan was ₹48,42,300/-



, loans taken during the year were to the tune of ₹1,18,08,174/-, repayment were ₹1,34,44,474/- and closing balance on 31.03.2018 was ₹32,06,000/- which was shown under the head sundry creditors as trade payable of the assessee . We note that during the course of assessment proceedings itself anomaly was corrected by the assessee by filing corrigendum from the tax auditor the copy thereof is available at page no.97 of the Paper Book. However the Id. AO has added the loans taken during the year were ₹1,15,77,674/- plus expenses payable of ₹2,25,000/- plus bank charges to the tune of ₹5,500/-. We note that all these details qua the loans were available before the Id. AO. We further note that the loans were added under section 68 of the Act on the ground that the assessee has frequently changing its stand during the assessment proceeding. However, the facts available on records as well as filed by the assessee clearly speak the truth that these were unsecured loans taken by the assessee. We note that Navin Parwani has opening balance of ₹1,61,500/- and the closing balance is ₹22,06,000/-. Whereas, in the case of Nirmal Dubey the opening balance is ₹30,02,300/- and there was no borrowing during the year and the entire loan was repaid during the year. In other words, loans were taken from four parties during the instant financial year whereas completely repaid to two parties. The Id. CIT (A) affirmed the order of the Id. AO by again misconstruing the facts that loans were to the tune of ₹85,08,174/- and not ₹1,15,77,674/- from four parties which is again hypothetical figure. Thereafter, the Id. CIT (A) after following the decision of PCIT vs. M/s NRA Iron and Steel Pvt. Ltd. (supra) affirmed the finding of the Id. AO. Considering these facts of the case, we find that the Id. AO has passed the assessment without giving any finding in the assessment order and only stated that the assessee had been changing its stand during the assessment



proceedings. Similarly, the Id. CIT (A) again appreciated the facts wrongly. We note that even the confirmations filed by the assessee were available before the authorities below but same were denied to be filed by the assessee.

06. The Id. DR on the other hand submitted that the assessee has not pursued its case before the lower authorities and therefore, the appeal may be restored to either of the authorities below.
07. However, considering the facts on record as available in the Paper Book and after taking into account the rival contentions, we are of the opinion that the assessee has discharged its onus as provided u/s 68 of the Act by filing all the documents, clarifications, corrigendum ,confirmations qua these loans and both the authorities below have failed to correctly appreciate the facts on record. Under these circumstances, we are inclined to set aside the order of Id. CIT (A) and direct the Id. AO to delete the addition. The appeal of the assessee is allowed.

Order pronounced in the open court on 15.01.2025.

Sd/-  
(PRADIP KUMAR CHOUBEY)  
(JUDICIAL MEMBER)

Sd/-  
(RAJESH KUMAR)  
(ACCOUNTANT MEMBER)

Kolkata, Dated: 15.01.2025  
Sudip Sarkar, Sr.PS



Copy of the Order forwarded to :

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

True Copy//

BY ORDER,

Sr. Private Secretary/ Asst. Registrar  
Income Tax Appellate Tribunal, Kolkata