

**IN THE INCOME TAX APPELLATE TRIBUNAL, DELHI 'A' BENCH,
NEW DELHI**

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER, AND
SHRI NAVEEN CHANDRA, ACCOUNTANT MEMBER**

ITA No. 2938/DEL/2024 [A.Y 2018-19]

The Dy. C.I.T.
New Delhi

Vs.

Rana Motors Pvt Limited
A-2/7 Rekhi House,
Safdarjung Enclave
New Delhi

PAN: AABCR 7691 C

(Assessee)

(Respondent)

Assessee By : None
Department By : Shri Anurag S. Daria, Sr. DR

Date of Hearing : 21.08.2025
Date of Pronouncement : 21.08.2025

ORDER

PER NAVEEN CHANDRA, AM :-

This appeal by the Revenue is directed against the order of the Id.
CIT(A, New Delhi dated 28.02.2024 pertaining to A.Y 2018-19.

2. The solitary grievance raised by the Revenue reads as under:

“Whether on the facts and circumstances of the case the Id. CIT(A) has erred in deleting the addition of Rs. 3,99,99,600/- u/s 68 of the Act without appreciating the fact that the credit worthiness and genuineness of transactions of the directors were not established.”

3. None appeared on behalf of the assessee. We decided to proceed ex-parte. The Id. DR was heard at length. Case records carefully perused.

4. Brief facts of the case is that the assessee is a Maruti authorized dealer of cars having showrooms and workshops and has filed its return of income for A.Y. 2018-19 on 31/10/2018 declaring total income at Rs. 2,80,59,046/-. The case was selected for scrutiny under CASS under E-assessment scheme 2019 for the reasons of:

- i Share Premium,
- ii. ICDS Compliance and Adjustment,
- iii. Income from House Property.

5. The bone of contention in the impugned year is share capital/premium of Rs 3,99,99,600/- that the assessee received from its two promoters, Shri Jaswinder Singh Rekhi and Shri Raminder Shing Rekhi. In the course of assessment proceedings, the AO enquired about the source of share capital and justification for the share premium

received. The AO, did not find the reason, that assessee's business being a capital intensive business model, where the lender banks were always making pressure to increase the share capital to bring a little more parity in Debt Equity ratio, convincing and thereafter he passed an order u/s. 143(3) by making addition of Rs 3,99,99,600/- u/s 68 r.w.s 115BBE, to the total income of the assessee.

6. We have heard the submission of the Ld DR and have carefully perused the materials on record. At the very outset, we find that the funds made available to the assessee from the two promoters Directors. The Promoter Directors contributed this amount of Rs.3,99,99,600/- toward share capital/Premium to full fill the requirements of the lender banks to maintain a healthy debt/equity ratio. We further find that the CIT(A) has elaborately discussed the issue as under:

5. The assessee during the appellate proceedings reiterated that due to capital intensive nature of business it had borrowed substantial amount form banks and financial institutions, which require to keep certain debt to equity ratio of the promoters. To facilitate this, two promoters, Shri Jaswinder Singh Rekhi and Shri Raminder Shing Rekhi have taken term loans from ICICI Banks of Rs. 2 crores each, which was invested in the assessee company as share capital. The assessee has submitted the bank accounts statement of the promoters in support of loan and transfer to the assessee. The A.O. in assessment order also has not pointed out exactly what discrepancy he had found in the documents submitted by the assessee. The A.O. conclusion of not establishing creditworthiness is found to be incorrect as the investment is sourced by loans taken from Banks. Therefore, considering these facts, the introduction to share capital is

explained by the assessee. The A.O. is directed to delete the addition made of Rs. 3,99,99,600/-. Ground Nos. 7, 8, 9 are hereby allowed.

7. We find that the CIT(A) has given a finding that the source of share capital/premium is the loans taken by the promoter director from bank and there is no discrepancy pointed out by the AO with regard to identity, genuineness and creditworthiness of the promoters directors. In view of the discussion above, we are therefore, not inclined to interfere with the decision of the CIT(A) and endorse the CIT(A)'s direction to delete additions made. The ground of appeal is dismissed.

8. The appeal of Revenue in ITA No. 2938/DEL/2024 stands dismissed.

Order pronounced in open court on 21.08.2025.

Sd/-

**[SATBEER SINGH GODARA]
JUDICIAL MEMBER**

Sd/-

**[NAVEEN CHANDRA]
ACCOUNTANT MEMBER**

Dated : 1st September, 2025.
VL/

Copy forwarded to:

1. Assessee
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar,
ITAT, New Delhi

Sl No.	PARTICULARS	DATES
1.	<i>Date of dictation of Tribunal Order</i>	
2.	<i>Date on which the typed draft Tribunal Order is placed before the Dictation Member</i>	
3.	<i>Date on which the typed draft Tribunal Order is placed before the other Member</i>	
4.	<i>Date on which the approved draft Tribunal Order comes to the Sr. P.S./P.S.</i>	
5.	<i>Date on which the fair Tribunal Order is placed before the Dictating Member for pronouncement</i>	
6.	<i>Date on which the signed order comes back to the Sr. P.S./P.S</i>	
7.	<i>Date on which the final Tribunal Order is uploaded by the Sr. P.S./P.S. on official website</i>	
8.	<i>Date on which the file goes to the Bench Clerk alongwith Tribunal Order</i>	
9.	<i>Date of killing off the disposed of files on the judiSIS portal of ITAT by the Bench Clerks</i>	
10.	<i>Date on which the file goes to the Supervisor (Judicial)</i>	
11.	<i>The date on which the file goes for xerox</i>	
12.	<i>The date on which the file goes for endorsement</i>	
13.	<i>The date on which the file goes to the Superintendent for checking</i>	
14.	<i>The date on which the file goes to the Assistant Registrar for signature on the Tribunal order</i>	
15.	<i>Date on which the file goes to the dispatch section</i>	
16.	<i>Date of Dispatch of the Order</i>	