

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

**BEFORE SHRI S RIFAUR RAHMAN, ACCOUNTANT MEMBER
AND SHRI VIMAL KUMAR, JUDICIAL MEMBER**

ITA No. 4967/Del/2024
Assessment Year: 2020-21

Assistant Commissioner of Income Tax, Circle 49(1), New Delhi.	Vs.	Gulshan Rai Mahajan, B-39, Industrial Area, Phase-II, Mayapuri, Delhi-1100 64
PAN :AAFPM2398Q		
(Appellant)		(Respondent)

Department by	Shri Rajesh Kumar Danesta, Sr. DR
Assessee by	Shri R.B. Mathur, CA

Date of hearing	18.08.2025
Date of pronouncement	17.10.2025

ORDER

PER VIMAL KUMAR, JUDICIAL MEMBER:

The appeal filed by the Revenue is against order dated 27.08.2024 of Learned Commissioner of Income Tax (Appeals)/National Faceless Assessment Centre (NFAC), Delhi (hereinafter referred as “the Ld. CIT(A)”) under Section 250 of the Income Tax Act, 1961 (hereinafter referred as “the Act”) arising out of assessment order dated 19.09.2022 of the Learned Assessment Unit (hereinafter referred as “the Ld. AO”) under Sections 143(3) r.w.s. 144 of the Act for assessment year 2020-21.

2. Brief facts of the case are that the assessee is engaged in business of trading in Ferrous and Non Ferrous Scrap materials lifted from various Industrial Units, PSUs, State Electricity Boards and Defense Organizations etc. The business comprises of buying scrap, dismantling and selling various items segregated from scrap. The assessee e-filed his original return on 23.12.2020 declaring total income at Rs.87,80,240/- and deemed income under Section 115JC at Rs.87,80,240. The case was selected for complete scrutiny under CASS. Notice under Section 143(2) dated 29.06.2021 was issued to the assessee. Notices under Section 142(1) of the Act were issued on 12.11.2021, 01.12.2021, 27.01.2022, and 17.03.2022. Show-cause-notices dated 18.08.2022 and 26.08.2022 were issued. The assessee filed reply and documents. On completion of assessment proceedings, Ld. AO vide order dated 19.09.2022, made additions of Rs.1,61,38,500/-, Rs. 58,87,085/- and Rs. 1,00,000/-.

3. Against order dated 19.09.2022 of Ld. AO, the appellant/assessee preferred appeal before the Ld. CIT(A) which was allowed vide order dated 27.08.2024.

4. Being aggrieved, the appellant/revenue preferred present appeal with following grounds:

“(1) The Ld. CIT (A) has erred in law and facts in deleting the addition of Rs. 1,61,38,500/-made by the A.O. on the basis of intentional suppression of information by assessee by not disclosing in relevant columns of form 3CD and in the list of the creditors/unsecured loans provided to the department during the assessment proceedings.

(ii) The Ld. CIT (A) has erred in law and facts in deleting the addition of Rs.58,87,085/- made by the A.O. on the basis of intentional suppression of information by the assessee by not disclosing the squared up account in the Form 3CD and in the list of the creditors/unsecured loans provided to the department during the assessment proceedings.

(iii) The Ld.CIT(A) erred in law and facts in deleting the additions of Rs.1,00,000/- made in the Assessment Order whereas Sh. Yonus Mohammad failed to submit his details in response to notice u/s 133(6) to substantiate identity, creditworthiness and genuineness of the transaction.

(iv) The above grounds are independent and without prejudice to one another.

(v) That the appellant craves leave to add, alter or amend any of the grounds of appeal before or during the course of hearing of the appeal.”

5. Learned Authorized Representative for Revenue submitted that Ld. CIT(A) erred in deleting additions of Rs.1,61,38,500/- and Rs.58,87,085/- made by Ld. AO on basis of intentional suppression of information by not disclosing relevant claims of Form 3CD and in the list of creditors/unsecured loans during assessment proceeding. Ld. CIT(A) erred in deleting addition of Rs.1,00,000/- made by the Ld. AO since Shri Yonus Mohd failed to submit his turn in response to notice under Section 133(6) of the Act to substantiate identity, creditworthiness and genuineness of the transaction.

6. Learned Authorized Representative for the respondent assessee, submitted that list of creditors is on page no.49 of paper books. All the transactions were through banking channel.

7. From examination of record in light of aforesaid rival contentions, it is crystal clear that Ld. CIT(A) in order dated 27.08.2024 in para no. 5 held as under:

“5. Adjudication:

5.1 The 1st Ground of appeal taken by the appellant during the course of appellate proceeding is

1. That on the facts and the circumstances of the case the Id Assessing Officer has completely disregarded the provisions of section 143(3) of the Income Tax Act, 1961, which require the assessing officer to consider all the documentary evidences filed by the assessee before framing the assessment order, by completely ignoring the evidences filed by the assessee regarding the transactions recorded in the books of accounts with the following parties. Anupam Mahajan Power Technika Aditya Stamping Mahadev Traders Aggarwal Metals Nucore Transformers Private Limited Sharda Sales Transcore India Vivek Traders It is thus requested that the evidences filed by the assessee with reference to these accounts be considered by your goodself.

5.2 In favor of the Ground the appellant has submitted that

1. In the present case under review the assessing officer has made the following additions i.e.

- Rs. 1,61,38,500-Being the total amount of repayment made during the year to M/s Power Technika by the assessee
- Rs.58,87,085/- for the opening balances of the following parties which in the opinion of the assessing officer should have been included in the list of creditors submitted in the first hearing by the assessee and since they were not included in the said list and since the squared up creditors were not disclosed in the Clause 31 of the form 3CD which otherwise deals with only loans and the squared up loan accounts they represented the undisclosed income of the assessee. The said parties and their opening balances are

Aditya Stamping	Rs. 10,10,914
-----------------	---------------

Aggarwal Metals	Rs. 96,743
-----------------	------------

Mahadev Traders	Rs. 9,00,000
-----------------	--------------

Nucore Transformers Private Limited	Rs.27,27,918
-------------------------------------	--------------

Sharda Sales	Rs. 2,20,000
Transcore India	Rs. 2,31,510
Vivek Traders	Rs. 7,00,000
TOTAL	Rs.58,87,085

However it is a matter of record that the evidences pertaining to the transactions with the above stated parties were put on record by the assessee in its submission dated 31-01-2022, 25-08-2022 and 02-09-2022.

Copies of the said submissions are placed at pages 209-210 for submission dated 31-01-2022, Pages 2011-214 for submission dated 25-08-2022 and pages 215 to 219 for submission dated 02-09-2022. It is clear that in the submissions dated 31-01-2022 and the submission dated 25-08-2022 that the statement of account of M/s Anupam Mahajan and M/s Power Technika (Refer Page 50-52) along with the bank statement of HDFC Bank (Refer page 60-174) which is the only bank account of the assessee were place on record of the assessing officer. These accounts clearly reflect the transactions made by the assessee with the said Mr. Anupam Mahajan, who is also the manager of the assessee and is also responsible for day to-day running of the affairs of the business of the assessee, and also the amounts received and repaid to M/s Power Technika from the bank account of the assessee in the normal course of the running of the business of the assessee. These statements also match the statement of account filed by Mr. Anupam Mahajan in the response to the summons issued to him by the assessing officer (refer page 53-59). Now when the assessee has placed all these documents on record the assessing officer was required to take them into consideration and then pass his assessment order. **However even when the said statements as mentioned above filed by the assessee and Mr. Anupam Mahajan are a part of the record of the assessing officer he still says in the 2nd para on page 7 of the Assessment order that the assessee has no documentary evidences which can show that the transaction has been disclosed enough before the department. Once the transactions reflected by the assessee match the transactions reflected by the other party in a summon issued under section 133(6) and both these documents are a part of the**

assessment record there is no way the transactions can be called "Undisclosed" as has been said by the assessing officer. The sole reason for the assessing officer to hold the contention that the account of M/s Power Technika had undisclosed transactions was the fact that the account of M/s Power Technika did not form a part of the initial details of sundry creditors filed by the assessee in the assessment proceedings and the fact that it did not form a part of the detail of unsecured loans in clause 31 of the form 3CD being the Tax Audit report. Even when the assessee explained why these were not a part of the list of sundry creditors and why it did not form a part of the detail as per clause 31 of the form 3CD and to substantiate its case filed complete copies of accounts and the bank statement the assessing officer has ignored all the details filed by the assessee and has chosen to be guided by the fact that even though M/s Power Technika was classified as creditor and not as a loan by the assessee it should have formed a part of the clause 31 of the Form 3CD since in his opinion there is no difference between loans and creditors the details of M/s Power Technika (even when the said amount is not a loan and did not have a balance on 31-03-2020). Even if the contentions of the Assessing Officer are accepted for academic purposes he could not have ignored the documents filed by Mr. Anupam Mahajan the proprietor of M/s Power Technika, and by the assessee which formed a part of the books of accounts. If the contention of the assessee finds support of the books of accounts then it has to be accepted as correct. The assessing officer has absolutely ignored the books of accounts and chosen to act on preconceived notions:

1. Similarly in the case of certain parties classified as "Creditors" as on 31-03-2019 the assessing officer has held that they should have been a part of details furnished for the list of creditors as on 31-03-2020. In the assessment proceedings it was explained that the details furnished were for the creditors outstanding as on 31-03-2020 and thus details of opening balances, transactions during the year and the closing balances were presented for the parties listed as creditors as on 31-03-2020 and not for parties who were identified as creditors as on 31-03-2019. Some parties who were identified as creditors as on 31-03-2019 either did not have a balance on 31-03-2020 or were classified under Debtors considering the transactions made with them during the year under review. Thus those which were either

identified as Debtors as on 31-03-2020 or did not have a closing balance as on 31-03-2020 were not made a part of the details of creditors as on 31-03-2020. To support the contention the copies of accounts of all such parties as are listed above were filed for the financial years 2018-19 and 2019-20 to completely reflect the transactions with such parties. Details of such accounts are at page 175 and Copies of such ledger accounts are placed at pages 176 to 208. Once these ledgers are placed on record there cannot be any ambiguity with reference to the transactions with these parties. However this will happen only when the assessing officer sees and considers these ledger accounts which form an integral part of the books of accounts and also an integral part of the assessment record. These statements have to be considered before finalizing the assessment order However the assessing officer has completely ignored them and goes on record to say in 2nd para on page 11 of the order that "The assessee is bound to disclose all his squared up account in the Form 3CD. Further, being the account having balances as on 01.04.2019 and also transactions were made through the accounts during the year under consideration, there is no doubt left that the assessee should disclose the same in the statement of creditors/ unsecured loans sought by the department. However, the assessee remained fail in complying either of the above. After considering the contention of the assessee, it is abundantly clear that the assessee has no documentary evidences which can show that the transaction has been disclosed enough before the department" This clearly reflects the lack of application of mind on the subject by the assessing officer who chooses to be guided by preconceived notions and not by documents on record.

1. It is thus requested from your goodself that the documents placed on record pertaining to the transactions with M/s Power Technika, the bank statement of the assessee from where the payments have been made to the said firm Power Technika, the copies of ledger accounts of the following parties for the financial years 2018-19 and 2019-20

Aditya Stamping

Rs. 10,10,914

Aggarwal Metals	Rs. 96,743
Mahadev Traders	Rs. 9,00,000
Nucore Transformers Private Limited	Rs. 27,27,918
Sharda Sales	Rs. 2,20,000
Transcore India	Rs. 2,31,510
Vivek Traders	Rs. 7,00,000
TOTAL	Rs.58,87,085

be considered before finalizing the appeal proceedings and the benefit of these documents be granted to the assessee which has not been done by the assessing officer. Once these documents are considered there will be nothing undisclosed in the transactions with such parties as has been contended by the Assessing Officer.

5.3 There is strength in the submission made by the appellant during the course of appellate proceedings. It is a matter of record that appellant has filed complete details during the course of assessment proceedings and same has also been reproduced during the course of appellate proceedings. In the assessment, order, the assessing officer while making an addition of 1,61,38,500/- has noted that "after considering the arguments of the assessee, it is abundantly clear that the assessee has no documentary evidences which can show that the transaction has been disclosed enough before the department. Accordingly, the amount of repayment of loan for 1,61,38,500/- is hereby assessed as the undisclosed income of the assessee and added to the income of the assessee for the year under consideration."

5.4 During the course of appellate proceeding, the appellant has submitted the details which show that documentary evidences were filed during the course of assessment proceedings and repayment of loan of 1,61,338,500/- was properly made. The concerned bank statements were also filed during the course of appellate proceedings, hence ground 1 of the appellant is allowed.

5.5 The second Ground of appeal taken by the appellant is:

2. That on the facts and the circumstances of the case the Assessing officer was not justified in making an addition of Rs. 1,61,38,500 by illegally holding the repayment of the amount due to Ms Power Technika, the proprietorship firm of Ms Anupam Mahajan through proper banking channels as undisclosed income of the assessee.

2.b Further on the facts and the circumstances of the case the assessing officer is also incorrect in portraying that the information on repayment of the amount due to Ms Power Technika was mistakenly informed to the department by the brother of the assessee in response to the summon issued under 133(6) to Mr. Anupam Rai Mahajan and the assessee never wanted to disclose this fact and that the amount has been paid out of undisclosed income.

5.6 During the course of appellate proceedings the appellant has submitted

Contention of the Assessing Officer

It is the contention of the assessing officer that when questioned about the creditors appearing in the balance sheet, the assessee did not disclose the balance of M/s Power Technika while in the summon to Mr. Anupam Mahajan, who is the brother of the assessee and also the manager of the business of the assessee, he mistakenly disclosed the transaction of the assessee with M/s Power Technika which had showed an opening credit balance of Rs.1,49,28,500/- and from whom a sum of Rs. 12,10,000 was received during the year and a total of Rs.1,61,38,500/- was repaid in full settlement of the account. In the opinion of the assessing officer the amount of Rs.1,61,38,500/- paid through the regular bank account of the assessee and duly reflected in the books of accounts was actually paid from undisclosed sources.

Contentions of the Assessee

1. 1. The assessing officer vide para 9 of the notice dated 20-12-2021 required as under :-

"Please provide details of sundry creditors and unsecured loans appearing in your balance sheet alongwith their Name, PAN, Address, amount outstanding as on 01-04-2019, amount received during the year under consideration and closing balance. If any loans have been squared up during the year under consideration, the details of the same may also be given separately."

A simple reading of the above query leads one to understand that we were required to give the details regarding the Sundry Creditors and Unsecured

Loans as appearing in our balance sheet. The details required for such Sundry Creditors and Unsecured loans were: - Name, Address, Pan, Amount outstanding as on 01-04-2019, amount received during the year and closing balance. Further in respect of the Unsecured Loans we were required to additionally give details for loans which were squared up in the year. However the assessing officer feels that in response to this query details of all accounts classified as Creditors as on 31-03-2019 should have been furnished rather than the details of those accounts classified as Creditors and appearing in the balance sheet as at 31-03-2020. The assessee furnished such details of the creditors as appearing in the balance sheet as at 31-03-2020 and since the said M/s Power Technika did not have a closing balance as on 31-03-2020 and thus did not figure in the list of creditors as on 31-03-2020, the details furnished did not contain the details of M/s Power Technika and only included the detail of Mr. Anupam Mahajan Salary account

1. 1.The assessing Officer sent a summon to Mr. Anupam Mahajan in his personal capacity and asked him for his complete dealings with the assessee and his firm M/s Girdhar Traders. The said Mr. Anupam Mahajan is the brother of the assessee and is also the manager of his business and is paid a salary of Rs.2,00,000/- per month. In response to the summon the said Mr. Anupam Mahajan rightly furnished the details of his salary account and the also furnished the details of the transactions with the firm called M/s Power Technika, which was the proprietorship firm of Mr. Anupam Mahajan and had an opening credit balance of Rs. 1,49,28,500/- The said firm had given a sum of Rs. 12, 10,000/- to the assessee's firm during the year and was repaid the entire amount of RS.1,61,38,500/- through the bank account of the assessee and he

closing balance as on 31-03-2020 was NIL. The Opening Balance of M/s Power Technika was classified under "Sundry Creditors" as on 31-03-2019 as can be seen from the balance sheet as on 31-03-2019 at page 44 of the Submission. The details of the reply submitted by Mr. Anupam Mahajan are at pages 53-59. Since the account of M/s Power Technika did not have any balance outstanding as at 31-03-2020 this account was not made a part of the details of creditors forming part of the Balance Sheet as at 31-03-2020 submitted in our reply dated 04-01-2022.

2. The Assessing Officer had questioned the assessee about the submissions made by Mr. Anupam Mahajan in the reply to the summons sent to him regarding the transactions with M/s Power Technika, the assessee submitted the copy of the account of M/s Power Technika and Mr. Anupam Mahajan in its books of Accounts and also submitted the Bank Statement of HDFC Bank which is the sole bank of the assessee in its submissions dated 31-01-2022 and 25-08-2022. The copies of such account are placed at pages 50-52. These details match identically with the details furnished by Mr. Anupam Mahajan in response to the summons sent u/s 133(6) by the assessing officer. Had it been a case of undisclosed income that was used to repay the balance of M/s Power Technika, the entries in the books of the assessee and those of M/s Power Technika would not have matched as undisclosed payments cannot ever be a part of books of accounts. However, this point has been completely missed by the assessing officer who has completely overlooked the statement of account forming a part of the books of accounts which was placed on the record by the assessee.

3. The assessing officer also has an erroneous view about the Creditors and Unsecured Loans which he regards as "One and the same" and holds the view that details required to be filled for loans in clause 31 of the form 3CD should also have details about sundry creditors and squared up creditors. The governing section for the said clause 31 of the Form 3CD is the Section 269SS of the Income Tax Act, 1961 which defines the word Loans as "Loan or deposit of money and is thus categorically not applicable to creditors and thus the two cannot be regarded as one and the same as has been held by the assessing officer.

4. It is not the case that Mr. Anupam Mahajan mistakenly disclosed the account of M/s Power Technika which was his proprietorship

firm as has been alleged by the assessing officer. Mr. Anupam Mahajan is the manager of the business of the assessee and would not disclose an account if the same did not form a part of the books of accounts of the assessee. Thus the notion of the assessing officer that he stumbled upon some information which was given mistakenly by the brother of the assessee against the business which he himself manages is a figment of his imagination and there is no such information which the assessing officer got by chance. The Account of M/s Power Technika is a part of the books of accounts of the assessee and also matches the account furnished by Mr. Anupam Mahajan in response to the summons sent to him. Further all entries in the said account can be traced to the bank account of the assessee with HDFC Bank which has also been filed before the assessing officer and is also being filed herewith at pages 60-174. Since no payments have been made to the said M/s Power Technika out of the undisclosed sources by the assessee you are requested to delete the addition of Rs. 1,61,38,500/-,

5.7 The appellant has conclusively shown during the course of appellate proceedings that repayment of the amount due to M/s Power Technika the proprietorship firm of Mr Anupam Mahajan was through banking channel. The assessing officer was wrong in holding the payment as undisclosed sum. All the entries in the account of Mr. Anupam Mahajan can be traced back to the bank account of the assessee with HDFC bank, which have been filed during the course of appellate proceedings. As no payments have been made to the said M/s Power Technika out of the undisclosed sources thus the addition of 1,61,38,500/- is deleted. **Thus the 2nd Ground of appeal of the appellant is allowed.**

5.8 The 3rd Ground of appeal taken by the appellant is

1. That on the facts and circumstances of the case the Ld. Assessing officer was not justified in making the addition of Rs. 58,87,085 by holding that the balances of the following parties as on 31-03-2019 was undisclosed income of the assessee as they were not included in the opening balances in the information sought by the assessing officer regarding the Sundry Creditors appearing in the balance sheet of the assessee as on 31-03-2020 as per his query in the notice dated 12-11-2021 Aditya Stamping Rs. 10,10,914 Aggarwal Metals Rs. 96,743 Mahadev Traders Rs. 9,00,000 Nucore Transformers Private Limited Rs.27,27,918 Sharda Sales Rs. 2,20,000 Transcore

India Rs. 2,31,510 Vivek Traders Rs. 7,00,000 TOTAL Rs.58,87,085 None of these parties figured in the list of Sundry Creditors as on 31-03-2020 and thus information on their opening balances were not included in the information furnished to the Assessing officer. However complete details of transactions with the above parties for the F.Y.2018-19 and F.Y.2019-20 were placed on record before the assessing officer during the course of the assessment proceedings. All the above balances as on 31-03-2019 were duly dealt with through the books of accounts of the assessee which has not been considered by the assessing officer even though complete information has been filed before him in the assessment proceedings.

5.9 During the course of appellate proceeding the appellant has submitted

Contentions of the assessing officer

It is the contention of the assessing officer that since the names of the above stated parties did not figure in the details of creditors seeking information on the opening balances, the transactions during the year and the closing balances, the opening balances of such parties were paid from undisclosed sources by the assessee. He feels that when he asks for such details specifically for the parties existing in the balance sheet the assessee should have furnished such details for all the parties were identified as creditors in the year ended 31-03-2019.

Assessee's Contention

1. 1. As stated above the assessing officer vide para 9 of the notice dated 20-12-2021 (**Refer pages 45-48 of the submission**) required the following

"Please provide details of sundry creditors and unsecured loans appearing in your balance sheet alongwith their Name, PAN, Address, amount outstanding as on 01-04-2019, amount received during the year under consideration and closing balance. If any loans have been squared up during the year under consideration, the details of the same may also be given separately"

Since the Assessing Officer wanted the relevant details of the creditors and loans standing in the balance sheet as on 31-03-2020 the same were furnished instead of the details of all the parties classified as Creditors as on 31-03-2019.

1. No incomes or expenses can arise merely by putting a balance under "Sundry Creditors" or "Sundry Debtors". Further classification of an account as at the close of the year different from the classification adopted in the immediately preceding year also cannot give rise to any incomes or otherwise. Thus for determining the true nature of any account the account has to be perused from the books of accounts of the assessee. In each of the above cases the assessee offered an explanation on where the account was classified as on 31-03-2019 and what were the transactions in the account and finally how the account was classified as at 31-03-2020. This information was furnished to the assessing officer in the reply dated 02-09-2022 at para 1.4. The said reply is placed at pages 215-219 of the submissions. For the benefit of your goodself the same is being repeated here

1. Aditya Stamping- The balance of the said party was included under the heading of "Debtors" in the year under consideration. The opening balance of Rs. 10,10,914/- was duly classified as "Sundry Creditors" as on 31-03-2019, was duly squared up during the year under consideration and thus did not form a part of the Creditors as on 31-03-2020 and thus the details were not furnished in the list of creditors submitted by the assessee. Copy of the ledger account of the said party for the F.Y.2018-19 and 2019-20 is attached for your reference **at page 207-208 of the submission.**

2. Aggarwal Metals - under the heading of "Debtors" as the assessee has made sales to the said party in the A.Y.2020-21. The account started with a credit balance of Rs.96,743 as was classified as Creditors as on 31-03-2019 but after transactions during the year it had a debit balance of Rs.77,99,887 and was included in the list of Debtors as on 31-03-2020 and thus did not form a part of the Creditors as on 31-03-2020 and thus the details were not furnished in the list of

creditors submitted by the assessee. Copy of the ledger account of the said party for the F.Y.2018-19 and 2019-20 is attached for your reference at pages **202-206 of the submission.**

3. Mahadev Trading Co. The said party had an opening credit balance of Rs.9,00,000/- and was classified as a "Creditor" as on 31-03-2019 but the assessee had sales transactions with the said party during the year and was thus listed under "Debtors" during the year. The closing balance of the said party as at the end of the year was NIL and thus did not form a part of the Creditors as on 31-03-2020 and thus the details were not furnished in the list of creditors submitted by the assessee. Copy of the ledger account of the said party for the F.Y.2018-19 and 2019-20 is attached for your reference at pages **197-201 of the Submission**

4. Nucore Transformers Pvt Ltd - The party had an opening credit balance of Rs.27,27,918 and was classified as a "creditor" as on 31-03-2019 but after the sales and banking transactions during the year it had a closing balance of Rs.90,96,760 and was classified under "Debtors" in the A.Y.2020-21 and thus did not form a part of the Creditors as on 31-03-2020 and thus the details were not furnished in the list of creditors submitted by the assessee. Copy of the ledger account of the said party for the F.Y.2018-19 and 2019-20 is attached for your reference at **pages 191-196 of the Submission.**

1. 1. 1. **Sharda Sales-** The opening credit balance in the party account was Rs.2,20,000/- and was classified as a "Creditor" but after the sales and banking transactions during the year the closing balance in the account was NIL. The said account was classified under the heading of Debtors in the A..Y.2020-21 and thus did not form a part of the Creditors as on 31-03-2020 and thus the details were not furnished in the list of creditors submitted by the assessee. Copy of the ledger account of the said party for the F.Y.2018-19 and 2019-20 is

attached for your reference at **pages 189-190 of the submission**

2. Transcore (India) - The said party had an opening credit balance of Rs.2,31,510/- and was classified as a "Creditor" as on 31-03-2019 which was paid during the year and the closing balance in the account was NIL. This party was also classified under Debtors in the A.Y.2020-21 and thus did not form a part of the Creditors as on 31-03-2020 and thus the details were not furnished in the list of creditors submitted by the assessee. Copy of the ledger account of the said party for the F.Y.2018-19 and 2019-20 is attached for your reference at **pages 187-188 of the submission**

3. Vivek Traders- The said party had an opening credit balance of Rs.7,00,000 and was classified as a "Creditor" as on 31-03-2019. which was duly paid during the year and thus the closing balance was NIL and thus did not form a part of the Creditors as on 31-03-2020 and thus the details were not furnished in the list of creditors submitted by the assessee. Ledger accounts for the year 2018-19 and 2019-20 are placed at **185-186 of the submission**

The Audited Balance Sheet of the assessee as on 31-03-2019 is placed at pages 25-44 of the submission and the audited balance sheet as at 31-03-2020 is placed at pages 1-24 of the submissions in support of the contention of the assessee. A synopsis of the balances of the above parties as on 31-03-2019 and 31-03-2020 and their classification in the said years is placed at page 175 of the submission. Further complete ledger accounts of all **creditors are placed at pages 220-332** of the submission Details of **all the Debtor accounts are placed at pages 333 to 473 of the submission.**

1. In view of the above submission all the above accounts are duly explained with reference to the books of accounts of the assessee **Further the sales and purchases recorded in these accounts have been accepted as the sales and purchases of the assessee in the year under consideration. The payments received and payments made to these accounts have also been routed through the declared bank account of the assessee with HDFC Bank and their balances from**

31-03-2019 can be traced through to the balance as on 31-03-2020 from the books of accounts. Thus there can be no contention that the opening balances of these accounts have been settled from "Undisclosed Income" of the assessee. In view of the above stated it is requested that the addition for Rs.58,87,085 made with reference to these accounts be

5.10 There is merit in the argument of the appellant. The sales and purchases recorded in these accounts have been accepted as the sales and purchases of the assessee in the year under consideration. The payments received and payments made to these accounts have also been routed through the declared bank account of the assessee with HDFC Bank and their balances from 31-03-2019 can be traced through to the balance as on 31-03-2020 from the books of accounts. The required details of the same have been filed during the course of appellate proceedings. In view of the above it would be wrong to say that the opening balances of these accounts have been settled from "Undisclosed Income" of the assessee. In view of the above the addition for Rs. 58,87,085 is deleted. Thus the 3rd Ground of the appellant is allowed.

5.11 The 4th Ground of appeal taken by the appellant is

4. That on the facts and circumstances of the case the Ld Assessing Officer was not justified in making the addition of Rs. 1,00,000 being the balance of Ms Mohd Yunus. The said amount has been paid in the subsequent years.

5.12 As the appellant has submitted that the balance of Mohd Yunus has been paid in the subsequent years **hence the addition on this count is deleted and the 4th Ground of appeal is allowed."**

8. From perusal of above para no. 5.4, it is evident that documentary evidences were filed during the course of assessment proceeding and repayment of loan of Rs.1,61,38,500/- was properly made through the bank. In Para no. 5.7,

it is mentions that entries in the account of Mr. Anupam Mahajan of HDFC Bank which have been filed during course of appellate proceedings as no payment from M/s. Power Technika out of undisclosed, thus, the addition of Rs.1,61,38,500/- is deleted. In Para no. 5.10, it is stated that the sales and purchases recorded in the account has been accepted in the year under consideration. The required details were filed during course of assessment proceeding, so, it would be wrong to say that the opening balances of these accounts have been settled from 'undisclosed income' of the assessee. Para 5.12 mentions that balance of Mohd. Yunus has been paid in the subsequent years, hence, the addition of Rs.1,00,000/- on this count was deleted. In view of above material facts, supported by documents, it is held that the ground of appeal in absence of any evidence to the contrary are de void of merit. Therefore, ground of appeal nos. (i) to (v) are dismissed.

9. In the result, the appeal of Revenue is dismissed.

Order pronounced in the open court on 17th October, 2025.

Sd/-

**(S RIFAUR RAHMAN)
ACCOUNTANT MEMBER**

Sd/-

**(VIMAL KUMAR)
JUDICIAL MEMBER**

Dated: 17th October, 2025.
Mohan Lal

Copy forwarded to:

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

Asst. Registrar, ITAT, New Delhi