

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCHES 'G': NEW DELHI.**

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

**ITA No.2743/Del/2024
(Assessment Year: 2015-16)**

ACIT, Circle 52 (1),
New Delhi.

vs.

Singhania Alu Foil Containers
Manufacturing company,
4215/1A, Ansari Road,
Daryaganj,
New Delhi – 110 002.

(PAN :ABGFS2788Q)

**CO NO.105/Del/2024
(in ITA No.2743/Del/2024)
(Assessment Year: 2015-16)**

Singhania Alu Foil Containers
Manufacturing company,
4215/1A, Ansari Road,
Daryaganj,
New Delhi – 110 002.

vs.

ACIT, Circle 52 (1),
New Delhi.

(PAN : ABGFS2788Q)

(APPELLANT)

(RESPONDENT)

ASSESSEE BY : Shri Amit Goel, CA
REVENUE BY : Shri Manish Gupta, Sr.DR

Date of Hearing : 25.11.2025
Date of Order : 28.01.2026

ORDER

PER S. RIFAUR RAHMAN, ACCOUNTANT MEMBER :

1. The Revenue has filed appeal against the order of the Learned Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre (NFAC), Delhi ["Ld. CIT (A)", for short] dated 28.03.2024 for the Assessment Year 2015-16. The assessee has also filed cross objections which is in support of the impugned order.
2. At the time of hearing, ld. AR of the assessee pointed out that there is a delay of 30 days in filing the cross objections. He submitted that assessee has filed an application seeking condonation of delay in filing of the appeal on the ground that Form 36 filed by the Department was received by the assessee on 03.07.2024, however when they have appointed counsel to represent the case, it has come to their knowledge that the cross objections need to be filed. In support of this, he filed an affidavit which is placed on record. Accordingly, he prayed that the delay in filing the appeal be condoned.
3. We have heard both the counsels on the issue of condonation of delay. In our considered opinion, there was a reasonable cause for the delay in filing the appeal. Therefore, we condone the delay in filing the appeal before the Tribunal.
4. Brief facts of the case are, return of Income was filed on 30.09.2015 declaring income of Rs.13,65,640/- The case was taken up for scrutiny and notice under section 143(2) of the Income-tax Act, 1961 (for short

‘the Act’) was issued on 29.07.2016. The assessment u/s 143(3) of the Act was completed by AO at an income of Rs.3,01,36,357/- after making addition of Rs.2,86,97,100/- u/s 68 of the Act in respect of the following parties: -

- i. M/s Shree Laxmi Enterprises of Rs. 15,45,000/-
- ii. Sarthak Enterprises of Rs. 2,20,52,100/-
- iii. Shree Ram Traders of Rs. 51,00,000/-

4. Aggrieved with the above order, the assessee preferred an appeal before CIT(A), who after obtaining remand report from the assessing officer and the detailed discussion on the issue deleted the addition made by the assessing officer by holding as under: -

“7. I have carefully considered the relevant and material facts on record, in respect of this ground of appeal, as brought out in the assessment order and submissions made during appeal proceedings. The moot point for adjudication is whether the AO was justified in treating the unsecured loans aggregating to Rs. 2.87 Crore raised by the appellant firm from these threeloan creditor entities, as unexplained cash credits under section 68, in the light of evidence brought on record. I find that the appellant, in the course of assessment proceedings, and appellate proceedings, has brought on record the identity particulars of loan creditor entities, including name, complete address and PAN, the mode of receipt of each loan; the relevant bank statement of the appellant, supporting documents relating to capacity of the loan creditor viz. loan confirmation, explanation as to source of funds, and banks statement of the loan creditor. On a careful perusal thereof, I find that the appellant has satisfactorily discharged the primary onus cast upon it to substantiate the unsecured loan transaction during the year, by furnishing all the relevant and material evidence. The identity of the loan creditor is established by furnishing name, complete address and PAN of the lender. The creditworthiness of the loan creditor is established from the loan account confirmations and relevant bank statements of the loan creditors. The genuineness of loan transaction is established form the fact that both the acceptance and subsequent repayment of loan amounts has been through banking channel, as evidenced from the bank statement of the appellant and bank statement of loan creditors. The

banking transactions in relation to each repayment of loan, by the appellant to the respective lenders, have also been independently confirmed by the Bank.

7.1 In the assessment proceedings, as also in the Remand Report, AO has doubted genuineness of loan transactions mainly on two grounds - (i) notices have returned unserved from postal authority, and (ii) copies of ITRs of lenders were not submitted. AO has also doubted the creditworthiness of lenders, on the basis that “source of loans given” in the hands of loan creditor was not satisfactorily explained, and has brushed aside the plethora of documentary evidence furnished by the appellant. However, AO on his part has not made any independent enquiry viz. by way of issue of summons to the Directors, or calling for information from Banks, etc. to verify the genuineness of loan transactions. AO has not reverted any factual finding in the assessment order that there are cash deposits reflected in the bank statements of the loan creditor entities, immediately prior to the transfer entry therein by way of RTGS in favour of the appellant. AO has only made certain general observations regarding overall circumstances, and on that basis has drawn adverse inference as to genuineness of transactions and creditworthiness of loan creditors. It is pertinent to note that AO has not alleged that the source of funds in the hands of the lender entities was doubtful. In view of the specific, relevant and material evidence adduced by the appellant to substantiate the loan transaction, I am not inclined to agree with the adverse findings of the AO regarding creditworthiness of the loan creditor, or genuineness of loan transaction.

7.2 I find considerable force in the plea that on the given facts, the appellant could not be expected to substantiate “source of source of funds” in the hands of creditor entity. In this context, it would be pertinent to refer to the relevant provisions of section 68. The second proviso to section 68 (inserted by the Finance Act 2012, with effect from 1st April 2013), which provides that in cases where assessee is a closely held company, and any sum is found credited by way of share capital, share application money, share premium etc., the “source of source of such credits” is also required to be explained satisfactorily. Firstly, this proviso would not apply in the present case, as the appellant is a firm. Even otherwise, it is noteworthy that the statutory obligation to explain not only the credit in the hands of the assessee, but also source of such credit in the hands of the creditor, is applicable only for credits in the nature of share capital, share application money etc., where it is reasonable to presume a continued relationship with the creditor; and not in respect of credits by way of loans or borrowings.

7.3 It is pertinent to note that the Finance Act’ 2022 has further amended the provisions of Section 68, by inserting the First proviso thereto with effect from 1st April 2023, which provides that where the sum so credited consists of loan or borrowings or any such amount, the “source of source of such credits” is also required to be explained satisfactorily. This amendment, however, is applicable to the Assessment Year 2023-24 and subsequent assessment years

only; and hence does not apply to the year under consideration (i.e. Assessment Year 2015-16).

7.4 It is well-established that the onus lies on the assessee to adduce necessary documentary evidence so as to prove all the three ingredients of section 68 viz. identity and creditworthiness of the creditor, and genuineness of the transaction, as the relevant and material facts are within the special knowledge of the assessee. It has also been held that the evidence adduced by the assessee has to be examined not superficially but in depth and having regard to the test of the human probabilities and normal course of human conduct.

7.5 Hon'ble ITAT, Mumbai Bench, Mumbai in case of ITO v. Anant Shelters Pvt Ltd (20 taxmann.com 153) (2012) (Mum) has enumerated certain legal principles regarding taxation of cash credits under section 68 as under :-

“(i) Section 68 can be invoked when following three conditions are satisfied -(a) when there is credit of amounts in the books maintained by the assessee, (b) such credit has to be a sum of money during the previous year, (c) either the assessee offers no explanation about the nature and source of such credits found in the books or the explanation offered by the assessee, in the opinion of the AO, is not satisfactory. It is only then that the sum so credited may be charged to income-tax as the income of the assessee of that previous year.

(ii) The expression the assessee offers no explanation means the assessee offers no proper, reasonable and acceptable explanation as regards the sums found credited in the books maintained by the assessee. The opinion of the AO for not accepting the explanation offered by the assessee as not satisfactory is required to be based on proper appreciation of material and other attending circumstances available on the record. The opinion of the AO is required to be formed objectively with reference to the material on record file. Once the explanation of the assessee is found unbelievable or false the AO is not required to bring positive evidence on record to treat amount in question as income of the assessee. While considering the explanation of the assessee, the AO has to act reasonably-application of mind is the sine qua non for forming the opinion.

(iii) Phrase appearing in the section - nature and sources of such credits - should be understood in right perspective, so that genuineness of the transaction can be decided on merits and not on prejudices. Courts are of the firm view that the evidence produced by the assessee cannot be brushed aside in a causal manner. Assessee cannot be asked to prove impossible. Explanation about 'source of source' or 'origins of the origin'

cannot and should not be called for while making inquiry under section.

(iv) In the matters related to section 68, burden of proof cannot be discharged to the hilt -such matters are decided on the particular facts of the case as well as on the basis of preponderance of probabilities. Credibility of the explanation, not the materiality of evidences, is the basis for deciding the cases falling under Section 68.

(v) Confirmatory letters or A/c payee cheques do not prove that the amount in question is properly explained for the purpose of section 68. Assessee has to establish identity and creditworthiness of the creditor as well as the genuineness of the transaction. All the three ingredients are cumulative and not exclusive.

(vi) In matters regarding cash credit the onus of proof is not a static one. As per the provisions of the section the initial burden of proof lies on the assessee. Amount appearing in the books of a/cs. of the assessee is considered a proof against him. He can prove the identity of the creditors by either furnishing their PANs or assessment orders. Similarly, genuineness of the transaction can be proved by showing that the money was received by an account payee cheque or by draft. Credit worthiness of the lender can be established by attending circumstances. Once the assessee produces evidences about identity, genuineness and credit worthiness of the lender onus of proof shifts to the Revenue.

7.6 In the light of aforesaid legal principals, I find that in the instant case the appellant has been able to discharge the primary onus placed on him under section 68 of the Act. The appellant has furnished name, address and PAN of loan creditor, loan confirmation duly signed, relevant bank statements of the appellant and the loan creditors etc. The loan transactions are duly reflected in the books of accounts, Tax Audit Report and bank statement of the appellant for the relevant period. The outstanding loan amounts have subsequently been repaid to the respective lenders through proper banking channel during the succeeding Financial Year. There is no finding that any sum by way of cash was deposited in the bank account of loan creditor immediately prior to the issue of Cheque. In such circumstances, I find that the appellant has discharged the initial onus cast upon it to establish the identity and creditworthiness of the loan creditor as well as genuineness of the loan transactions. Thereafter, the onus shifted to the AO to bring further facts on record, which could prove the contrary. If the AO was not satisfied, he had the option of making inquiries from the loan creditor by summoning them. It is a fact that no independent verification has been carried out by the AO with loan creditor, by way of issue of summons under section 131, or in any other

manner. AO has not recorded any statement of the lender to verify the genuineness of loan transactions. There is no finding by the AO that the documentary evidences produced by the appellant were untrustworthy or lacked credibility. Thus, the appellant's contention that it had discharged onus of establishing the identity and creditworthiness of the loan creditors and genuineness of the transactions with the help of relevant supporting evidence is found to be in order.

7.7 On similar facts, **Hon'ble Bombay High Court in the case of Rushabh Enterprises Vs ACIT (60 taxmann.com 134) (2015) (Bombay)** has held that loans taken in the regular course of business through account payee cheques were ordinarily to be treated as bonafide. Though the judgement has been rendered on validity of reassessment proceedings, Hon'ble High Court has observed at Para 8 of its judgment as under,-

"8. On behalf of the revenue, Mrs. Bharucha submitted that all the four parties concerned had facilitated accommodation entries. They were not genuine and bona fide loans advanced to the Petitioner. She has supported the order of the Assessing Officer. The Commissioner of Income Tax while rejecting the objections on 19th December, 2012 once again reiterated that the Petitioner has routed unaccounted cash through bogus loans and has been found in the books of account of the Petitioner. According to her, the revenue has received information from the Director General of Income Tax (Inv) that the assessee has taken unsecured loans from the above parties by way of unaccounted cash/accommodation entries. We are unable to agree since the Petitioner has clearly stated that all the payments were made by account payee cheques which were encashed in the bank account of the Petitioner in the regular course of business. We find that the Petitioner has also paid interest on this loans after deduction of tax at source and TDS returns are also accordingly filed. There is no dispute in regard to the above. We find nothing to support the said contentions of the revenue. The revenue's contention in the affidavit in reply has no merit. On the other hand, the loans appear to be taken in the regular course of business and were found amongst the 45 members in respect of which all particulars have already been furnished by the assessee to the Assessing Officer. The fact remains that the Assessing Officer had power to reopen the assessment provided there was some tangible material on the basis of which he has reason to believe that income chargeable to tax had escaped assessment."

7.8 On similar facts, **Hon'ble Gujrat High Court in the case of Pr. CIT Vs Ojas Tarmake (P.) Ltd. (2023) (156 taxmann.com 75) (Gujarat)** has held that where assessee showed unsecured loans received during relevant assessment year and AO made addition on ground that assessee failed to discharge onus of liability as laid down under section 68, since amount of loan received by assessee was returned to loan party during year itself, and all

transactions were carried out through banking channels, impugned addition was to be deleted.

7.9 On similar facts, **Hon'ble Gujrat High Court in the case of Pr. CIT (Central) Vs Naresh Nemchand Shah (2023) (156 taxmann.com 346) (Gujarat)** has held that where pursuant to a survey, unsecured loans taken by assessee from a body corporate were deemed non-genuine by Assessing Officer on basis of statement of director of that company; since apart from said statement, there was no other evidence against assessee and moreover, assessee had filed evidence in form of confirmation from creditor, audited accounts of creditor and copies of banks accounts to prove genuineness and creditworthiness of creditor which was within parameters of section 68, impugned addition made in that respect to be deleted

7.10 On similar facts, **Hon'ble ITAT, Surat in the case of ITO Vs Mega Collections (P.) Ltd. (2023) (151 taxmann.com 403) (Surat-Trib.)** has held that where assessee-company by submitting PAN number, address, income tax returns, audited financial statements of creditors and bank statement of share applicants had discharged onus to prove identity, creditworthiness and genuineness of its loan transactions with various companies and source of source had also been proved by assessee, impugned loan transactions could not be treated as unexplained cash credit under section 68.

7.11 On similar facts, **Hon'ble Delhi High Court ("the jurisdictional High Court") in the case of Pr. CIT Vs Wel. Intertrade (P.) Ltd. (2023) (152 taxmann.com 663) (Delhi)** has held where assessee had taken loan from a party, since assessee discharged its primary onus of proving identity and capacity of creditor as well as genuineness of transaction, merely because creditor had not responded to notice issued under section 133(6), such loan could not be treated as unexplained credit under section 68.

7.12 On similar facts, Hon'ble Gujrat High Court in the case of **Pr. CIT Vs Yogendrakumar Gupta (2023) (152 taxmann.com 661) (Gujarat)** has held that where amount received as loan by assessee from 'B' Ltd. was through regular banking channels, and assessee had proved identity of creditor and genuineness of transactions by filing confirmation from creditor and assessee had furnished copy of audited accounts, balance sheet and Profit and Loss account along with copy of ledger of 'B' Ltd., revenue was not justified in proceeding against assessee on ground that loan taken from said 'B' Ltd. was unexplained credit and that lender was not genuine.

7.13 Hon'ble Supreme Court in the case of **ITO Vs Kavathwal Estate (P.) Ltd. (2022) (139 taxmann.com 317) (SC) has dismissed the SLP against Gujrat High Court** ruling that where assessee-company had furnished all details including bank statements of party from whom loan was taken during original scrutiny assessment and further, said loan was also paid back subsequently with interest after deducting TDS thereon, impugned reopening

notice issued against assessee after four years from relevant assessment year on ground that such loan transaction was bogus was unjustified.

7.14 On similar facts, **Hon'ble Gujrat High Court in the case of Pr. CIT Vs Ambe Tradecorp (P.) Ltd. (2022) (145 taxmann.com 27) (Gujarat)** has held that where assessee took loan from two parties and assessee had furnished requisite material showing identity of loan givers and that assessee was not beneficiary as loan was repaid in subsequent year, no addition under section 68 could be made on account of such loan.

7.15 On similar facts, Hon'ble Gujrat High Court in the case of **Pr. CIT Vs Haresh kumar Manilal Somaiva (2023) (154 taxmann.com 432) (Gujarat)** has held that where assessee received unsecured loans and produced confirmation of lenders and other relevant documents such as copy of PAN, ledger account, bank statement and audited books so as to establish creditworthiness, genuineness and identities of lenders in transactions, impugned addition made under section 68 on account of said unsecured loan by AO without considering such documents/details produced by assessee was unjustified.

7.16 Furthermore, on similar facts, **Hon'ble Gujrat High Court in the case of Pr. CIT Vs Gopal Heritage (P) Ltd. (2021) (133 taxmann.com 173) (Gujarat)** has held that where assessee had taken unsecured loans from some persons and Assessing Officer made addition under section 68 on ground that assessee had not been able to prove immediate source of cash-in-hands of party, since all ingredients contemplated under section 68 had been duly satisfied on aspect of identity of creditors, genuineness of transactions and their creditworthiness, said addition was to be deleted.

7.17 The Hon'ble Supreme Court in the case of **CIT Vs Lovely Exports (216 CTR 195) (2008) (SC)** has held that "If the share application money is received by the assessee company from alleged bogus shareholders who's name are given to the Assessing Officer then the department is free to proceed to reopen their individual assessments in accordance with law but it cannot be regarded as undisclosed income of assessee company".

7.17.1 On similar facts, Hon'ble Bombay High Court in the case of **CIT Vs Creative World Telefilms Ltd (2011) (333 ITR 100) (Bombay)** has relied on the Apex Court decision in case of CIT Vs Lovely Exports (supra) and held as under,-

"In the case in hand, it is not disputed that the assessee had given the details of name and address of the shareholder, their PAN/GIR number and had also given the cheque number, name of the bank. It was expected on the part of the Assessing Officer to make proper investigation and reach the shareholders. The Assessing Officer did nothing except issuing summons which were ultimately returned back with an endorsement "not traceable". In our considered view, the Assessing Officer ought to have found out their details through PAN

cards, bank account details or from their bankers so as to reach the shareholders since all the relevant material details and particulars were given by the assessee to the Assessing Officer. In the above circumstances, the view taken by the Tribunal cannot be faulted. No substantial question of law is involved in the appeal. In the result, the appeal is dismissed in limine with no order as to costs.”

7.17.2 On similar facts, Hon'ble Bombay High Court in the case of **CIT vs. Gagandeep Infrastructure Pvt. Ltd (394 ITR 680) (2018) (Bombay)**, has relied on the Apex Court decision in case of CIT Vs Lovely Exports (supra) and held as under,-

“In any view of the matter the three essential tests while confirming the pre proviso Section 68 of the Act laid down by the Courts namely the genuineness of the transaction, identity and the capacity of the investor have all been examined by the impugned order of the Tribunal and on facts it was found satisfied. Further it was a submission on behalf of the Revenue that such large amount of share premium gives rise to suspicion on the genuineness (identity) of the shareholders i.e. they are bogus. The Apex Court in Lovely Exports (P.) Ltd. (supra) in the context to the pre-amended Section 68 of the Act has held that where the Revenue urges that the amount of share application money has been received from bogus shareholders then it is for the Income Tax Officer to proceed by reopening the assessment of such shareholders and assessing them to tax in accordance with law. It does not entitle the Revenue to add the same to the assessee's income as unexplained cash credit.”

7.18 It is pertinent to mention that the facts of present case are completely distinguished from the facts in the case of **NRA Iron & Steel (P) Ltd (103 Taxmann.com 48) (2019) (SC)**. In that case, AO had issued summons and also conducted independent field enquiries with respect to the investor companies, which revealed that identity of the investor companies and genuineness of the transaction was clearly not established. In the instant case, however, no such enquiry has been conducted by the AO, to bring on record any fact which could controvert the facts contained in the documentary evidence adduced by the appellant to substantiate the impugned transactions. Therefore, the ratio of Supreme Court judgement in case of NRA Iron & Steel (P) Ltd (supra) is not applicable on the facts of present case.

7.19 In view of the facts and circumstances of the case, the prevailing position of law applicable on such facts, as laid down in the aforementioned binding judicial precedents, I find that the appellant has established the identity and creditworthiness of the loan creditors and genuineness of the transactions, in respect of the credits in the nature of unsecured loan aggregating to Rs. 2,86,97,100/-, received by the appellant during the year from the aforesaid three lenders. Thus, the appellant has satisfactorily explained the nature and source of the credits to the extent of Rs. Rs. 2,86,97,100/- by way of unsecured loan. The Jurisdictional Assessing Officer (J.A.O.) is directed to

delete the addition of unexplained cash credits under section 68 of the Act to the extent of Rs. 2,86,97,100/-, representing the aggregate of unsecured loan received by the appellant from the aforementioned loan creditors. Accordingly, this ground of appeal is allowed.

8. In the result, the appeal is allowed.”

5. Aggrieved, the Revenue is in appeal before us raising following grounds of appeal :-

“1. On facts and in the circumstances of the case the Ld. CIT, NFAC erred in law and facts in deleting the addition of Rs 2,86,97,100/- made by the AO on account of unexplained unsecured loans without considering the basic facts of the case.

2. On facts and in the circumstances of the case the Ld. CIT, NFAC erred in law and facts by admitting the additional evidence as supporting documents in respect of receipt/payments of Rs.2,86,97,100/- under Rule-46A of the Act which were sought by the AO during the assessment proceedings but the assessee failed to produce.

3. On facts and in the circumstances of the case the Ld. CIT, NFAC erred in law and facts by not considering the Remand report submitted by the AO based on proper verification and enquiry of the parties with whom transactions of Rs.2,86,97,100/- made by the assessee.”

6. At the time of hearing, Id. DR of the Revenue submitted that Ld. CIT (A) deleted the addition of Rs.2,86,97,100/- made by the AO on account of unexplained unsecured loans without considering the basic facts of the case. He further submitted that Id. CIT (A) erred in law and facts by admitting the additional evidence as supporting documents in respect of receipt/payments of Rs.2,86,97,100/- under Rule-46A of the Act which were sought by the AO during the assessment proceedings but the assessee failed to produce. Further submitted that Id. CIT (A) has not rightly appreciated the Remand Report submitted by the AO based on proper

verification and enquiry of the parties with whom transactions of Rs.2,86,97,100/- made by the assessee. Accordingly, he heavily relied on the findings of the AO.

7. On the other hand, Id. AR of the assessee submitted that addition made by the assessing officer is totally erroneous. The assessee company has duly discharged its onus u/s 68 of the Act. The assessee company has filed complete details and documentary evidences before the lower authorities to establish the identity of the creditors, their creditworthiness and genuineness of the transactions. It is pertinent to point out that the above loans taken by company were repaid back by banking channel well before the issue of notice u/s 143(2). Thus, the loans were repaid back even before the case of the assessee was taken up for scrutiny.
8. In this regard, Id. AR placed reliance is placed on the following decisions and pleaded that the impugned order may be upheld and the appeal of the Revenue be dismissed :-

- (i) Hon'ble Apex court decision in the case of CIT v. Orissa Corporation Pvt. Ltd. [1986] 159 ITR 78 (SC) Supreme Court;
- (ii) ITAT Ahmedabad in the case of Rohini Builders v. DCIT 2000 (9) TMI 204 – ITAT Ahmedabad;
- (iii) ITAT, Delhi Benches in ITO Delhi v. RMP Holdings Pvt. Ltd. ITA No. 5089/DEL/2024;
- (iv) Hon'ble jurisdictional Delhi High Court in the case of PCIT v. KRBL Pvt. Ltd. 2025 (11) TMI 822 – Delhi High Court.

9. Considered the rival submissions and material placed on record. We find that this issue is squarely covered in favour of the assessee by the aforesaid decisions relied upon by the assessee. We observed that Hon'ble Apex Court decision in the case of CIT v. Orissa Corporation Pvt. Ltd. [1986] 159 ITR 78 (SC) Supreme Court held as under: -

“In this case, the assessee had given the names and addresses of the alleged creditors. It was in the knowledge of the Revenue that the said creditors were income-tax assesseees. Their index numbers were in the file of the Revenue. The Revenue, apart from issuing notices under section 131 at the instance of the assessee, did not pursue the matter further. The Revenue did not examine the source of income of the said alleged creditors to find out whether they were creditworthy or were such who could advance the alleged loans. There was no effort made to pursue the so-called alleged creditors. In those circumstances, the assessee could not do anything further. In the premises, if the Tribunal came to the conclusion that the assessee has discharged the burden that lay on him, then it could not be said that such a conclusion was unreasonable or perverse or based on no evidence. If the conclusion is based on some evidence on which a conclusion could be arrived at, no question of law as such arises.”

10. Further we observed that the coordinate Bench in the case of ITO Delhi v. RMP Holdings Pvt. Ltd. (supra) has decided the similar issue in favour of the assessee and held as under: -

“8.

Merely because the AO could not trace the company as per the address available on ROC records and non-filing of return of income for the assessment year under consideration, the

transactions carried on by the assessee through banking channel cannot be nullified. It is a fact on record that the transactions are taken place through the banking channel and the same was repaid within three months also through banking channel.

9. We observed that on the similar facts on record, coordinate Bench in the case of Signature Global India Pvt. Ltd. (supra) held as under :-

“18. With regard to ground no.ii(a), we observed that the Assessing Officer observed that the assessee has taken unsecured loan from 9 parties and assessee has submitted copies of ITR acknowledgement, confirmation of the loan creditors and copy of bank statement of all the loan creditors and with regard to Basera Realtech Private Limited submitted a copy of the Hon’ble High Court order. The Assessing Officer has made the addition after analyzing loan creditors. He came to the conclusion based on the declaration of meager income in the return of income and observed how can they lend huge amount to the assessee as unsecured loans, therefore, he raised doubt of the creditworthiness of these parties. In appellate proceedings, ld. CIT (A) considered the detailed submissions of the assessee and he deleted the addition with the observation that the assessee has submitted all the relevant details/documents in respect of securing unsecured loans from all the nine parties. After considering the details filed on record, he observed that Assessing Officer has not pointed out any discrepancy in the abovesaid documents and not made further enquiries. Further he observed that based on the balance sheet of these lender companies, he observed that the status of own funds/total funds available with these lender companies are much higher than the amount lend by them and he negated the findings of the Assessing Officer on the basis of lending the money merely on the basis of earning of income. He relied on the decision of coordinate Bench in the case of Addl.CIT vs. Prayag Polytech Pvt. Ltd. (supra), ITO vs. Computer Home Information Plus Pvt. Ltd. (supra) and the decision of Hon’ble Delhi High Court in the case of Pr.CIT vs. Goodview Trading Pvt. Ltd. (supra) and came to the conclusion that income alone is not the criteria

for making the loan and also negated the findings of the Assessing Officer that the loan was given immediately after it was received by them and cannot be the ground for making addition u/s 68 of the Act. Finally, he deleted the addition by observing that the assessee has taken loans from these companies for short duration and almost all the loans were repaid during the year itself and only some small amount is outstanding as at the year end and that too is mainly on account of interest. He has reproduced the following chart in his order :-

<i>S.No.</i>	<i>Name of the Party</i>	<i>Loan amount added by A.O. (Rs.)</i>	<i>Outstanding balance as at the year end (Rs.)</i>
1	<i>Ace Stone Craft Limited</i>	20000000	
2	<i>Arise Infotech Private Limited</i>	5900000	1346065
3	<i>BaseraRealtech Private Limited</i>	5200000	NIL
4	<i>Multiplex Fincap Limited</i>	163456456	NIL
5	<i>Radhay Portfolio Limited</i>	2950000	4361540
6	<i>SRK Tradelinks Pvt. Limited</i>	15500000	NIL
7	<i>Syala Buildwell Private Limited</i>	2500000	2590369
8	<i>Tia Enterprise Private Limited</i>	4000000	NIL
9	<i>Umang Leasing and Credit Co. Ltd.</i>	11750000	NIL

19. Based on the above finding, Id. CIT (A) came to the conclusion that assessee has proved the conditions imposed u/s 68 of the Act that assessee has found identity, creditworthiness and genuineness of the transactions. Further, he observed that the Assessing Officer has merely rejected the submissions of the assessee on the basis of doubt without bringing any material to discredit the document or information on record. Further he observed that the provisions of section 68 of the Act as existed at that point out time there is no requirement of proving the source of source in the case of loan transactions. Accordingly, he deleted the addition made by the Assessing Officer.

20. At the time of hearing, ld. DR relied on several decisions in his arguments. We heard the same and we are of the opinion that those case laws are distinguishable to the facts in the present case. Therefore, we are not inclined to disturb the findings of the ld. CIT (A). Accordingly, ground no.ii(a) is dismissed.”

10. The facts in the present case are exactly similar to the above and assessee has submitted all the relevant information to prove the identity, creditworthiness and genuineness of the transactions and it is also fact on record that assessee has repaid the unsecured loan within three months and all the transactions were routed through banking channel. Therefore, respectfully following the aforesaid decision, we do not find any reason to disturb the findings of the ld. CIT (A) and accordingly, the grounds taken by the Revenue are dismissed.”

11. Further we find that Hon’ble jurisdictional Delhi High Court in the case of PCIT v. KRBL Pvt. Ltd. (supra) held as under: -

“35. We are not in agreement with the submission made by Mr. Maratha. The loan advanced was in the FY 2013-14, i.e., AY 2014-15. The identity of the creditor has been proved by documentary evidence and also through the statement of the Director of Shashi Foods recorded during the survey proceedings and also in reply to the notice under Section 133(6) of the Act. It has also been established that Shashi Foods advanced the loan out of the funds credited in its bank account, proving the creditworthiness of the entity. Though the AO had held that Shashi Foods did not have the necessary funds in its bank account to provide the loan, the findings of the CIT(A) and the ITAT are at variance with the observation of the AO inasmuch as that the loan has been advanced from the bank account of Shashi Foods. In any case, the Revenue has not placed on record anything to show that in the AY 2014-15, the requisite funds to advance the loan were not available in the bank account of Shashi Foods. “

11. Respectfully following the aforesaid orders, we are inclined not to disturb the findings of the Id. CIT (A) and find that there is no infirmity in the findings of the CIT(A), therefore, the grounds raised by the Revenue are dismissed.
12. In the result, the appeal filed by the Revenue is dismissed.
13. The cross objections filed by the assessee are merely supporting the impugned order of the Id. CIT (A), hence becomes infructuous. Accordingly, the cross objections filed by the assessee are dismissed as infructuous.
14. To sum up : both the appeal filed by the Revenue and cross objections filed by the assessee are dismissed.

Order pronounced in the open court on this 28th day of January, 2026.

**Sd/-
(VIMAL KUMAR)
JUDICIAL MEMBER**

**sd/-
(S.RIFAUR RAHMAN)
ACCOUNTANT MEMBER**

**Dated: 28.01.2026
TS**

Copy forwarded to:

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

**ASSISTANT REGISTRAR
ITAT, NEW DELHI**