

IN THE INCOME TAX APPELLATE TRIBUNAL “G” BENCH MUMBAI

**BEFORE SHRI AMIT SHUKLA, JUDICIAL MEMBER
AND
SHRI GIRISH AGRAWAL, ACCOUNTANT MEMBER**

**ITA No. 2023/MUM/2025
Assessment Year: 2018-19**

JCIT (OSD) in charge of DCIT, Circle-1(3)(1), Mumbai	Vs.	Geopreneur Realty Private Limited 1001 10 th Floor Firest Avenue Above Mercedes, Benz Showroom, Goregaon Mulund Link Road Malad West Mumbai - 400053 (PAN: AAECG9513F)
(Appellant)		(Respondent)

Present for:

Assessee : Shri Mahaveer Jain and
Shobhit Mishra, Advocates
Revenue : Shri Swapnil Choudhary, Sr. DR

Date of Hearing : 03.11.2025
Date of Pronouncement : 29.01.2026

ORDER

PER GIRISH AGRAWAL, ACCOUNTANT MEMBER:

This appeal filed by the revenue is against the order of National Faceless Appeal Centre(NFAC), vide order no. ITBA/NFAC/S/250/2024-25/1072249623(1), dated 16.01.2025, passed against the assessment order passed u/s. 143(3) of the Income-tax Act (hereinafter referred to as the “Act”), dated 28.09.2021 for Assessment Year 2018-19.

2. Grounds taken by revenue are reproduced as under:

(i) Whether on the facts and circumstances of the case and in law, the Ld. CIT(A) erred in deleting the addition u/s 68 of the Act amounting to Rs.15,85,09,315/- with respect to the loan taken from its holding company, without appreciating the fact that the assessee failed to prove creditworthiness and genuineness.

(ii) Whether on the facts and circumstances of the case and in law, the Ld. CIT(A) erred in deleting the addition u/s 68 of Rs. 10 Lacs with respect to the loan taken from the partnership firm, i.e., M/s MK Rai, without appreciating the fact that the appellant fail to prove creditworthiness and genuineness.

3. Brief facts of the case are that assessee filed its return of income on 01.03.2019 reporting total loss at Rs.59,20,072/-. Assessee is engaged in business of real estate development and construction. Facts relevant to ground No.1 which relates to addition made in respect of loan taken from the holding company are noted as under. Geopreneur Corp Private Ltd. (GCPL) is the holding company of assessee, assessee being wholly owned subsidiary. Assessee had taken secured loans in Assessment Year 2015-16 from two Non-banking Finance Companies (NBFCs), i.e., DMI Finance Pvt. Ltd. and Ambit Finvest Pvt Ltd. Subsequently in the year under consideration, these loans were repaid by the holding company on behalf of the assessee through another NBFC, i.e., M/s. Altico. What actually transpired was that GCPL had taken loan from Altico and under the said loan arrangement, Altico made payments to DMI Finance Pvt. Ltd and Ambit Finvest Pvt Ltd. directly for the amount of loan outstanding in the books of the assessee. This payment was made by Altico against the loan arrangement with the GCPL. The ultimate outcome of this chain of transactions was that loans sitting in the books of assessee from DMI Finance Pvt. Ltd and Ambit Finvest Pvt Ltd. were zeroed and got replaced by loan in the name of GCPL. Assessee made all the required disclosure in respect of loans outstanding from GCPL which replaced the loan from DMI Finance Pvt. Ltd and Ambit Finvest Pvt Ltd. To substantiate and corroborate these transactions, assessee furnished the following documents:

- a. Copy of ledger of DMI Finance Pvt. Ltd. which show that the payment was made by GCPL, to DMI on behalf of the Appellant.
- b. Copy of ledger of Ambit Finvest Pvt Ltd which show that the payment was made by GCPL to Ambit Finvest Pvt Ltd on behalf of the Appellant.
- c. No Dues Certificate issued by DMI Finance Pvt. Ltd.
- d. No Dues Certificate issued by Ambit Finvest Pvt Ltd.
- e. Bank statement of GCPL showing payment to DMI and Ambit
- f. Copy of ledger confirmation along with ledger in the books of GCPL and the appellant.
- g. The outstanding loan given by GCPL to the Appellant as on 31.03.2018 is 25,85,97,884/-which is disclosed in the Balance sheet of GCPL under Note 16 and disclosed by the Appellant at Note 3 of Balance Sheet.
- h. Copy of PAN Card of GCPL
- i. ITR Acknowledgement of the Appellant and GCPL
- j. Financial statement of the lenders (GCPL)
- k. Bank Statement of the lenders reflecting the transaction

3.1. Assessee reported outstanding loan payable to GCPL at Rs.25,85,97,884/- in its balance sheet under note-3. The same was also reported by GCPL in its balance sheet under note-16. These were also placed on record. Assessee thus, strongly contented that to establish identity and credit worthiness of the creditors and the genuineness of the transaction, it had furnished all the corroborative documentary evidences on record as listed above and thus discharged the onus casted on it u/s. 68 of the Act.

4. We have heard both the parties and perused the material on record. The above listed documentary evidences adequately explain the

restructuring done by the assessee in respect of its borrowings, which have been swapped from DMI Finance Pvt. Ltd and Ambit Finvest Pvt Ltd. to this holding company. Also, the source of funds in the hands of the holding company, i.e., GCPL is also explained which is a loan arrangement made by it with Altico. In the books of the assessee, this entire restructuring has happened through passing of journal entries which is duly supported by documentary evidences listed above. These documents have not been disproved or controverted, nor any deficiency pointed out to taint the entire transaction as sham or bogus. It is also not a case of assessee arranging accommodation entry. All the parties involved have duly confirmed their respective leg of transaction supported by relevant evidence. Ld. CIT(A) has also given his meritorious findings after taking into consideration all the supporting documents and explanation furnished by the assessee.

4.1. From the perusal of the orders of the authorities below, there appears to be some confusion in understanding the transaction of loan undertaken by the assessee. There is reference of transaction in respect of loan from the holding company, i.e., GCPL which we have already discussed in the above paragraphs. Also, there is discussion in respect of outstanding loan from the partnership firm in the name of M/s. Geopreneur Spire Realty (GSR), wherein assessee is one of the partners. We capture certain facts relating to transaction of loan between assessee and the partnership firm, i.e., GSR, so as to avoid any confusion. There was an opening balance in the capital account and in the current account in the name of assessee towards investment made by it in the partnership firm, GSR. The opening balance in capital account was Rs. 52,000/- and in current account it was Rs. 27,08,705/-. Assessee had also given loan to the partnership firm for which the opening balance on 01.04.2017 was Rs.15,85,09,314/-. In

the year under consideration, interest was charged by the assessee from the partnership firm, amounting to Rs.45,88,356/- which was subjected to TDS of Rs. 4,58,836/-. At the year end, the balance of loan became Rs.16,26,38,834/- (opening balance Rs.15,85,09,314 + interest Rs.45,88,356 – TDS Rs.4,58,836). This closing balance of loan was transferred and reclassified to form part of partner's current account by passing a journal entry. Thus, the closing balance of partner's current account as on 31.03.2018 was reported at Rs.16,01,29,725/- as against the opening balance as on 01.04.2017 at Rs.27,08,705/-. Assessee explained in this respect that there is no new fresh flow of funds, except for reclassification from advance account to partner's current account by way of passing a journal entry. In this respect, all the relevant corroborative documentary evidences were placed on record, including audited balance sheet of the partnership firm and the assessee as well as copies of ledger accounts of the loan account and partners' current account. It is important to note that while making the addition in respect of loan from GCPL, inadvertently reference is made to the difference between the opening balance and the closing balance of the partner's current account of the assessee with its partnership firm, GSR, hence all this confusion.

4.2. Considering the factual matrix, as discussed above, we do not find any reason to interfere with the finding arrived at by Id. CIT(A) to delete the addition of Rs.15,85,09,315/- which represents loan taken by the assessee from its holding company, i.e., GCPL. Ground No.1 raised by the Revenue is dismissed.

5. In respect of Ground no.2, whereby an addition of Rs.10 lakhs was made u/s. 68 in respect of loan taken from partnership firm, M/s. M. K. Rai. It is contended that assessee was already having an opening balance of Rs. 30,65,636/- which has been carried forward from

Assessment Year 2013-14. In the year under consideration, loan taken is of Rs.10 lakhs, which has been added in the hands of the assessee u/s.68. Claim of the assessee is that no addition has been made in the preceding years in respect of loan taken by the assessee from the said party. Assessee has received the funds through regular banking channel duly supported by bank statements placed on record. Also, assessee evidently demonstrated that the said loan taken has been repaid in the subsequent years and therefore no addition is called for once the repayment has been done.

6. Ld. CIT(A) has considered these submissions made by the assessee at the appellate stage and given his findings to delete the addition so made. In the conspectus of the above submissions and evidences, we do not find any reason to interfere with the finding arrived at by ld. CIT(A) in deleting the addition so made. Ground no.2 raised by the Revenue is dismissed.

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

Order is pronounced in the open court on 29 January, 2026

Sd/-
(Amit Shukla)
Judicial Member

Sd/-
(Girish Agrawal)
Accountant Member

Dated: 29 January, 2026

MP, Sr.P.S.

Copy to :

- 1 The Appellant
- 2 The Respondent
- 3 DR, ITAT, Mumbai
- 4 Guard File
- 5 CIT

BY ORDER,

(Dy./Asstt.Registrar)
ITAT, Mumbai