

**IN THE INCOME TAX APPELLATE TRIBUNAL “D” BENCH, MUMBAI  
BEFORE SHRI SAKTIJIT DEY, VICE PRESIDENT AND  
SHRI MAKARAND VASANT MAHADEOKAR, ACCOUNTANT MEMBER**

ITA No.6259/Mum/2025  
(Assessment Year: 2012-13)

DCIT, Central Circle 5(2), Mumbai - 400051	Vs.	Deserve Exim Pvt. Ltd., Deserve CST Road Junction, Vidyanagari S.O. Mumbai - 400098
<b>(Appellant)</b>	:	<b>(Respondent)</b>
		PAN NO. AACCD 5214G

<b>Appellant by</b>	:	Ms. Neha Paranjpe, Advocate
<b>Respondent by</b>	:	Shri Annavaram Kosuri, Sr. AR
<b>(Appellant)</b>		<b>(Respondent)</b>

<b>Date of Hearing</b>	:	03.02.2026
<b>Date of Pronouncement</b>	:	06.02.2026

O R D E R

Per Saktijit Dey, Vice President:

This is an appeal by the Department against an order dated 30.07.2025 of learned Commissioner of Income Tax (Appeal), [in short CIT(A)] Mumbai for the Assessment Year (A.Y.) 2012-13.

2. The primary dispute in the present appeal is with regard to deletion of addition of Rs.6,00,00,000/- made under section (u/s.) 68 of the Income Tax Act, 1961 (in

short the 'Act'). There is a secondary issue of disallowance of interest paid of Rs.17,37,000/- on loans availed.

3. Briefly the facts are, the assessee is a resident corporate entity and is stated to be engaged in the business of real estate development including slum development project. For the assessment year under dispute, the assessee had filed its return of income on 29.9.2012, declaring income of Rs.15,33,58,735/-. Subsequently, assessee filed revised return of income on 19.08.2013, declaring income of Rs.15,25,20,750/-. In course of assessment proceeding, while verifying the return of income and financial statements of the assessee, the Assessing Officer (AO) noticed that the assessee had availed unsecured loans of Rs.2,00,00,000/- from M/s. Josh Trading Company Pvt. Ltd. and Rs.2,00,00,000/- from M/s. Viraj Mercantile Pvt. Ltd. The Assessing Officer observed, in course of search and seizure operation carried out in case of Shri Praveen Kumar Jain on 01.10.2013, materials were seized indicating that through various entities he was providing accommodation entries through loans, bogus share application, bogus sales etc. He observed that the lender companies from whom the assessee had availed loan were entities belonging to Shri Jain. He, therefore, called upon the assessee to prove the genuineness of the loan transaction. The assessee furnished documentary evidences before the Assessing Officer to prove the loan transactions. However, the AO did not find them convincing. He observed, neither of the companies had the creditworthiness to advance the loan to the assessee as they were running to huge losses. Thus, ultimately, he rejected assessee's claim and added back the amount of

Rs.4,00,00,000/- to the income of the assessee by treating them as unexplained cash credit u/s. 68 of the Act. Proceeding further, the Assessing Officer also disallowed the interest paid to the lenders on the loans availed. Contesting the additions made, the assessee preferred appeal before learned First Appellate Authority.

4. Being convinced with the submissions of the assessee, learned First Appellate Authority deleted the additions.

5. We have considered rival submissions and perused the materials on record. Undisputedly, the AO has treated the loans as unexplained cash credit primarily relying upon the investigation carried out in the case of Shri Jain. However, in case of proceedings before learned First Appellate Authority, the assessee had furnished additional documentary evidences to prove the loan transactions. Such documentary evidences were forwarded to the AO for verification and enquiry. After verifying those evidences, the AO had furnished his report dated 25.04.2025 to the First Appellate Authority which reads as under:

*“6. Further remand report was called from the AO in respect of additional evidence submitted by the assessee. The AO submitted his remand report vide letter dated 25.04.2025 which is reproduced as under:*

*2. The assessee vide its letter dated 12.01.2017 had produced additional evidences u/r. 46A of the Income Tax Rules, 1962 before the Ld. CIT(A) which was subsequently forwarded by the Ld. CIT(A)-53, Mumbai to the office of the undersigned for submission of remand report.*

*3. With respect to the additions made by the AO on the issue of non-genuine loans received from M/s Josh Trading Co. Pvt. Ltd of Rs. 2,00,00,000/- and from M/s Viraj Mercantile Pvt. Ltd. of Rs. 2,00,00,000/- during A.Y 2012-13, notices u/s 133(6) of the IT. Act dated 10.03.2025 were sent to both the parties during the remand proceedings, calling for various details such as copy of ITR for the period 1.4.2011 to 31.02.2012, amount of loan advanced to of Mis*

*Deserve Exim Pvt. Ltd. during A.Y. 2012-13 along with copy of bank statement highlighting the loan entries and ledger statement. 3.1 It is noted that both the parties (i.e. M/s Josh Trading Co. Pvt. Ltd. and M/s Viraj Mercantile Pvt. Ltd.) have replied to the notices sent to them u/s 133(6) of the I.T Act, 1961 and have furnished the details called for (copies of the replies are attached herewith) and the same have been verified. 3.2 Further, it is stated by the assessee, M/s Deserve Exim Pvt. Ltd., that the unsecured loan of Rs. 2,00,00,000/- received during A.Y. 2012-13 from M/s Josh Trading Co. Pvt. Ltd. has been returned by the assessee in the same assessment year. Also, it is stated by the assessee, M/s Deserve Exim Pvt. Ltd., that the unsecured loan of Rs. 2,00,00,000/- received during A.Y. 2012-13 from M/s Viraj Mercantile Pvt. Ltd. has been returned by the assessee in A.Y. 2014-15. 4. In light of the above submissions of the assessee and the replies to the notices sent to the third parties, decision may be taken by the Ld. CIT(A).*

*5. Submitted, please.”*

6. The remand report of the Assessing Officer clearly demonstrates that in course of remand proceeding both the lenders responded to the notices issued u/s. 133(6) of the Act and furnished the requisite documentary evidences before the AO confirming the loan transactions with the assessee. Notably, in the remand report, the AO has not found any deficiency in the documentary evidences after verification. He has further noted that loan availed of Rs.2,00,00,000/- availed from M/s. Josh Trading Company Pvt. Ltd. was repaid during the very same year, whereas, loan availed amount of Rs.2,00,00,000/-from M/s Deserve Exim Pvt. Ltd. in A.Y. 2014-15. Thus, the AO has verified the genuineness of the loan transactions and had not found anything adverse. That being the factual position on record, we do not find any infirmity in the decision of learned First Appellate Authority in deleting the addition. The addition made u/s. 68 of the Act. Once the loan transactions were found to be genuine, the interest paid thereon has to be allowed. Accordingly, we uphold

the decision of learned First Appellate Authority qua, the additions made by the AO.

Grounds are dismissed.

7. In the result, appeal is dismissed.

*Order pronounced in the open court on 06/02/2026.*

Sd/-  
(M.V. Mahadeokar)  
Accountant Member

Sd/-  
(Saktijit Dey)  
Vice President

Mumbai; Dated : 06/02/2026

Aks/-

**Copy of the Order forwarded to :**

1. The Appellant
2. The Respondent
3. The CIT(A)
4. CIT - concerned
5. DR, ITAT, Mumbai
6. Guard File

BY ORDER,

(Dy./Asstt. Registrar)  
ITAT, Mumbai