

**IN THE INCOME TAX APPELLATE TRIBUNAL**

**"C" BENCH, MUMBAI**

**BEFORE SHRI VIKRAM SINGH YADAV, ACCOUNTANT MEMBER**

**SHRI SANDEEP SINGH KARHAIL, JUDICIAL MEMBER**

**ITA No. 6236/MUM/2025**

**(Assessment Year :2012-13)**

**Assistant Commissioner of Income Tax**

6<sup>th</sup> Floor, Ashar IT Park, Road No. 16Z,  
Wagle Industrial Estate, Thane West,  
Mumbai- 400604

..... Appellant

v/s

**Shree Developer**

Shop No. 125, 1<sup>st</sup> Floor, Latif Park,  
Opp S K Stone, Kashimara,  
Bhayander, Dist Thane, Mumbai- 401107  
PAN: ABWFS6751P

..... Respondent

Assessee by : Shri Subodh Ratnaparkhi

Revenue by : Shri Virabhadra Mahajan, Sr. DR

Date of Hearing – 04/02/2026

Date of Order - 13/02/2026

**ORDER**

**PER SANDEEP SINGH KARHAIL, J.M.**

The Revenue has filed the present appeal against the impugned order dated 08/07/2025, passed under section 250 of the Income Tax Act, 1961 (*"the Act"*) by the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi, [*"learned CIT(A)"*], for the assessment year 2012-13.

2. In this appeal, the Revenue has raised the following grounds: -

*"a. On the facts and circumstances of the case and law, the Ld. CIT(A) has erred in deleting the addition made on account of loan taken by the assessee from M/s. Induja Traders Pvt Ltd & M/s Vanquish Investments & Leasing Pvt Ltd., of Rs. 60,00,000/- without appreciating the A.O's findings that even the*

*existence of these companies could not be proved, meaning thereby that they are shell companies.*

*b. On the facts and circumstances of the case and law, the Ld. CIT(A) has erred in holding that the A.O has failed to establish that M/s Indaja Traders Pvt Ltd & M/s Vanquish Investments & Leasing Pvt Ltd. are shell companies notwithstanding that there is information (which subsequently came on record) to show that Shri Jitendra Salecha, Director of the impugned company. admitted on oath before DDIT(Inv), Unit-7 (2), Mumbai that he has floated various companies, including M/s. Induja Traders Pvt Ltd & M/s Vanquish Investments & Leasing Pvt Ltd. for providing accommodation entries.*

*c. It is humbly requested that present appeal may be filed in accordance with the CBDT's Circular No.5/2024 dated 15.03.2024 as per Para 3.1h of the said Circular. The order of the CIT(A) may kindly be vacated and the order of the AO may be restored.*

*d. The appellant craves to leave to add, alter, amend and modify any of the above grounds of appeal either before or at the time of hearing of the appeal, if considered necessary."*

3. The solitary grievance of the Revenue is against the deletion of the addition made under section 68 of the Act by considering the loan received by the assessee as bogus.

4. The brief facts of the case pertaining to this issue, as emanating from the record, are: For the year under consideration, the assessee filed its original return of income on 14/09/2012, declaring a total income of Rs.Nil. Subsequently, on the basis of the information received from the office of DDIT (Investigation), Unit-7(2), Mumbai, that the assessee has availed loan from companies which are engaged in providing accommodation entries on a commission basis, notice under section 148 of the Act was issued on 30/03/2019, and the proceedings under section 147 of the Act were initiated. As per the information received, Mr. Jitendra Salecha in a statement recorded under section 131 of the Act categorically accepted and admitted that the companies, namely M/s Induja Traders Pvt. Ltd and M/s Vanquish Investment and Leasing Pvt. Ltd., which are floated by him, provide accommodation entries in the form of purchase/sales, loans, letter of credit, share premium and expenses. As the assessee, during the year under consideration, had taken unsecured loans totalling Rs.60 lakh from

M/s Induja Traders Pvt. Ltd and M/s Vanquish Investment and Leasing Pvt. Ltd., the assessee was asked to show cause with documentary evidence as to why the said amount should not be treated as undisclosed income and added to its total income. In response, the assessee submitted that the loan was received from these entities through the banking channel. In support of its submission, the assessee submitted a copy of the confirmation, the income tax return and the bank statement for the year under consideration. Accordingly, the assessee submitted that the loan received from these parties is genuine.

5. The Assessing Officer ("AO"), vide order dated 16/12/2019 passed under section 143(3) read with section 147 of the Act, disagreed with the submissions of the assessee and held that the assessee has not submitted the purpose of taking a loan and utilisation of the same with proof. The AO held that Mr. Jitendra Salecha, in his statement recorded on oath under section 131 of the Act, categorically admitted that he is engaged in providing accommodation entries through paper companies run by him, which include M/s Induja Traders Pvt. Ltd and M/s Vanquish Investment and Leasing Pvt. Ltd. The AO also rejected the retraction affidavit filed by Mr. Jitendra Salecha. Accordingly, the AO made an addition of Rs.60 lakh shown by the assessee as a loan from M/s Induja Traders Pvt. Ltd and M/s Vanquish Investment and Leasing Pvt. Ltd., by treating the same as the assessee's undisclosed income.

6. The learned CIT(A), vide impugned order, allowed the ground raised by the assessee on this issue and held that the assessee has duly discharged the primary onus cast on it to establish the identity and creditworthiness of the creditors, and the genuineness of the transaction. Accordingly, the learned CIT(A) directed the AO to delete the impugned addition. Being aggrieved, the Revenue is in appeal before us.

7. We have considered the submissions of both sides and perused the material available on record. In the present case, it is an admitted fact that the assessee availed a loan amounting to Rs.20 lakh from M/s Induja

Traders Pvt. Ltd and Rs.40 lakh from M/s Vanquish Investment and Leasing Pvt. Ltd. As Mr. Jitendra Salecha, in his statement recorded under section 131 of the Act, admitted that the aforementioned companies were floated by him to provide accommodation entries, reassessment proceedings were initiated in the case of the assessee. During the reassessment proceedings, the assessee submitted that the said loan was received from these concerns through the banking channel and in support of its claim, the assessee submitted a copy of the confirmation, the income tax return and the bank statement. However, the AO disagreed with the submissions of the assessee and also rejected the reliance placed upon the retraction affidavit of Mr. Jitendra Salecha.

8. During the hearing, the learned Authorised Representative ("*learned AR*") submitted that these loans were availed by the assessee during the year under consideration and the same were repaid in subsequent years along with the interest after deduction of tax at source. In order to prove the identity and creditworthiness of the creditor, and the genuineness of the transaction, the assessee has placed on record the confirmation of accounts signed by both creditors. From the perusal of the said confirmation, which forms part of the paper book on page 13 in respect of M/s Vanquish Investment and Leasing Pvt. Ltd., we find that during the year under consideration, the assessee borrowed Rs.15 lakh and Rs.25 lakh on 22/03/2012 and 28/03/2012, respectively. We also find that in the next year, the assessee again availed a loan of Rs.20 lakh on 27/09/2012 and Rs.40 lakh on 19/10/2012. We find that the said loan was repaid by the assessee in the subsequent years, and the last payment to M/s Vanquish Investment and Leasing Pvt. Ltd. was made on 27/10/2017. From the perusal of the confirmation ledger, it is also evident that the assessee even paid interest on these loans from time to time in subsequent years, on which TDS was also deducted.

9. Similar confirmation account in respect of M/s Induja Traders Pvt. Ltd forms part of the paper book on page 46. From the perusal of the said

confirmation, it is evident that the assessee availed a loan of Rs.20 lakh on 31/01/2012. We also find that on 16/03/2015 and 24/07/2015, the assessee again availed a loan of Rs.4,50,000 and Rs.15 lakh, respectively. These loans were repaid by the assessee from time to time, along with the payment of interest after deduction of tax, and the last payment to M/s Induja Traders Pvt. Ltd was made on 07/09/2017.

10. During the hearing, the learned AR submitted that only in the year under consideration the addition has been made by the Revenue on account of loans availed from the aforementioned entities, and there is no disallowance in the subsequent years, even though the assessee availed loans.

11. Further, the assessee has also placed on record a copy of the acknowledgement of return of income filed by these entities for the year under consideration, which forms part of the paper book on pages 14 and 47. As regards the plea of payment made through the banking channel, the assessee has placed on record the bank statement of these two entities, which clearly reflects the payment made to the assessee and received from the assessee through the banking channel. Apart from the aforesaid documents, the assessee has also filed the audited financial statements of these two entities.

12. In the present case, all these documents were also furnished by the assessee before the lower authorities. However, despite the same, the Revenue has not doubted the authenticity of these documents or the details provided in the same, and merely relied on the statement of Mr. Jitendra Salecha to justify the impugned addition. Thus, in the present case, the addition was made merely on the basis of a statement recorded under section 131 of the Act, and there is no independent material evidence to either support the claim of the Revenue that the loan received by the assessee is bogus or to corroborate the statements recorded by the Investigation Wing.

13. From the perusal of the impugned order, we find that after perusing the documents as placed on record before us by the assessee, the learned CIT(A) noted that these two creditors have sufficient shareholders' fund and sufficient reserves and surplus. However, despite these findings, there is not even a whisper from the Revenue that these accounts are not authentic and do not show the genuine business of these concerns. Therefore, apart from relying on the statement of Mr. Jitendra Salecha, the Revenue has not brought on record any evidence contrary to the claim and documents placed on record on behalf of the assessee. Thus, without going into the question whether the retraction of the statement earlier given is valid, in the present case, it is evident that the entire edifice of the addition made by the AO under section 68 of the Act is solely based on the statement recorded under section 131 of the Act without the same being corroborated by any other independent or cogent evidence.

14. Accordingly, having perused the order passed by the lower authorities and documents placed on record, we do not find any infirmity in the findings of the learned CIT(A) on this issue, and the same are upheld. Accordingly, the grounds raised by the Revenue are dismissed.

15. In the result, the appeal by the Revenue is dismissed.

Order pronounced in the open Court on 13/02/2026

**Sd/-**  
**VIKRAM SINGH YADAV**  
**ACCOUNTANT MEMBER**

**Sd/-**  
**SANDEEP SINGH KARHAIL**  
**JUDICIAL MEMBER**

**MUMBAI, DATED: 13/02/2026**

*Disha Raut*  
*Stenographer*

Copy of the order forwarded to:

- (1) *The Assessee;*
- (2) *The Revenue;*
- (3) *The PCIT / CIT (Judicial);*
- (4) *The DR, ITAT, Mumbai; and*
- (5) *Guard file.*

By Order

Assistant Registrar  
ITAT, Mumbai.