

**IN THE INCOME TAX APPELLATE TRIBUNAL
"A" BENCH, AHMEDABAD
BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

I.T.A. No.1545/Ahd/2025
(Assessment Year: 2014-15)

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| M/s. Kalptaru Cotton Industries, Survey No. 125, Bilodara, Vijapur Mehsana High Way, Tal: Mansa-382830 [PAN : AAMFK 3322 P] | Vs. | Income Tax Officer, Patan, Ward-5, Mehsana Now, ITO Ward-1, Patan |
| (Appellant) | .. | (Respondent) |
| Appellant by : | Adjournment application filed | |
| Respondent by: | Shri Kamal Deep Singh, Sr DR | |
| Date of Hearing | 08.12.2025 | |
| Date of Pronouncement | 13.02.2026 | |

ORDER

PER DR. B.R.R. KUMAR, VICE-PRESIDENT:-

This appeal has been filed by the assessee against the order dated 10.06.2025 passed by the Ld. Commissioner of Income-tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi ("Ld. CIT(A)" for short), under Section 250 of the Income-tax Act, 1961 ("the Act" for short) for Assessment Year 2014-15.

2. The sole ground raised by the assessee reads as under:-

"On the facts and circumstances of the case and in law, the Ld. CIT(A) has grossly erred in sustaining the addition of Rs.60 lakhs made by the A.O. u/s 68 of the Act when there is no justification for making impugned addition. The same deserves to be deleted."

3. When the appeal was called for hearing, none appeared on behalf of the assessee. An adjournment application was filed. Considering that the assessee had already filed a Statement of Facts-cum-Synopsis and the issue could be decided on the basis of material available on record, the adjournment application was rejected and the appeal was taken up for disposal on merits after hearing the Ld. DR.

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4. The brief facts of the case are that the assessee is a partnership firm engaged in the business of manufacturing of cotton, ginning and pressing. The assessee maintained regular books of account which were duly audited under section 44AB of the Act. The assessee filed its return of income for the year under consideration on 05.11.2014 declaring a loss of (-) Rs.7,81,324/-. The case was selected for scrutiny and notice u/s 143(2) of the Act was issued on 21.09.2015. The assessment was completed u/s 143(3) of the Act on 28.12.2016 determining total income at Rs.65,05,745/-. While framing the assessment, the Assessing Officer made an addition of Rs.60,00,000/- u/s 68 of the Act on account of unsecured loan received from M/s Billeshwar Auto Agency. Other additions on account of VAT interest and low gross profit were also made.

5. On appeal, the Ld. CIT(A) deleted the additions relating to VAT interest and low gross profit but sustained the addition of Rs.60,00,000/- made u/s 68 of the Act.

6. Aggrieved by the order of the Ld. CIT(A), the assessee is now in appeal before the Tribunal.

7. As per the "Statement of Facts-cum-Synopsis" filed, it was noted that the assessee received unsecured loan of Rs.60,00,000/- from **M/s Billeshwar Auto Agency on 28.10.2013 through banking channels. The entire loan amount was repaid on 25.03.2015 through banking channels.** During the assessment as well as appellate proceedings, the assessee furnished ledger account of the lender in the assessee's books, copy of bank statement of the lender maintained with Kukarwada Nagrik Sahkari Bank Ltd, PAN of the lender and the bank statement of the assessee evidencing receipt and repayment. It was also submitted that the lender is a proprietary concern of Shri Patel Anilkumar Prahlabdhai, having PAN AHVPP6440J, who had filed return of income for A.Y. 2014-15 declaring business income and substantial turnover. According to the

assessee, identity, genuineness of the transaction and creditworthiness of the lender stood fully established and the addition was made merely on surmises.

8. The Ld. DR relied upon the orders of the Assessing Officer and the Ld. CIT(A) and submitted that the assessee failed to satisfactorily prove the creditworthiness of the lender and therefore the addition u/s 68 was rightly sustained.

9. We have carefully considered the orders of the Assessing Officer and the Ld. CIT(A), the Statement of Facts-cum-Synopsis filed by the assessee, and the material available on record. We note that though the assessee did not produce any fresh documentary evidence before the Tribunal, the documents relied upon by the assessee were admittedly furnished during the assessment as well as appellate proceedings and have been examined and discussed by the authorities below. Therefore, the appeal is decided on the basis of material already on record.

9.1 The Ld. CIT(A) has accepted the identity of the lender M/s Bileshwar Auto Agency on the basis of bank statement wherein PAN is mentioned. The genuineness of the transaction is also not in dispute, as the loan was received through banking channels and was repaid in the subsequent year through banking channels, a fact duly acknowledged by the Ld. CIT(A). The sole reason for sustaining the addition is the alleged failure of the assessee to establish the creditworthiness of the lender, primarily on the grounds that (i) return of income of the lender was not furnished, and (ii) the bank statement reflected an isolated credit of Rs.60,00,000/- prior to advancing the loan. The Ld. CIT(A) has himself observed that the amount of Rs.60,00,000/- was credited in the bank account of the lender and immediately transferred to the assessee on the same day. Once the transaction is routed through banking channels and the flow of funds is clearly established, in our opinion, the assessee cannot be asked to explain the source of the source.

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9.2 Further, the fact that the entire loan amount has been repaid in the subsequent financial year through banking channels, which has been accepted by the Department, is a strong corroborative circumstance supporting the genuineness of the transaction as well as the existence and capacity of the creditor. This principle has been upheld by the Hon'ble Gujarat High Court in Ayachi Chandrasekhar Narsangji [221 Taxmann 146], wherein it was held that once repayment of loan is accepted in subsequent year, no adverse inference is warranted in the year of receipt. Similar view has been taken by the Coordinate Bench of the Tribunal in Shree Samruddhi Overseas Trading Co. vs. DCIT (ITA Nos. 909-910/Ahd/2018), wherein it has been held that repayment of loan through banking channels transcends all considerations and sufficiently discharges the onus cast u/s 68 of the Act.

9.3 In the present case, the Revenue has not brought on record any material to suggest that the funds routed through the lender actually belonged to the assessee. In view of the totality of facts and the settled judicial position, we hold that the assessee has duly discharged the onus cast upon it u/s 68 of the Act. Accordingly, the addition of Rs.60,00,000/- sustained by the Ld. CIT(A) is directed to be deleted.

10. In the result, the appeal of the assessee is allowed.

The order is pronounced in the open Court on 13.02.2026.

Sd/-

**(SIDDHARTHA NAUTITAL)
JUDICIAL MEMBER**

Ahmedabad; Dated 13.02.2026

***btk*

Sd/-

**(DR. B.R.R. KUMAR)
VICE-PRESIDENT**

आदेश की प्रतिलिपि ँ ग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
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