



IN THE INCOME TAX APPELLATE TRIBUNAL, RAJKOT BENCH, RAJKOT

BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER

AND

DR. DINESH MOHAN SINHA, JUDICIAL MEMBER

आयकरअपीलसं./ITA No. 543/Rjt/2025

Assessment Year: (2009-10)

M/s. H J Enterprise Plot No.G-737, GIDC Metoda, Kalawad Road, Dist. Rajkot Gujarat - 360001	Vs.	The Assistant Commissioner of Income-tax, Circle-1(1), Rajkot Aayakar Bhavan, Race-Course Ring Road, Rajkot Gujarat 360001
स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: AADFH3049K		
(Appellant)		(Respondent)

Appellant by : Shri Mehul Ranpura, Ld. A.R.
Respondent by : Shri Abhimanyu Singh Yadav, Ld. Sr. DR
Date of Hearing : 20/11/2025
Date of Pronouncement : 11/02/2026

आदेश / ORDER

Per Dr. Dinesh Mohan Sinha, JM:

Captioned appeal filed by the assessee, pertaining to Assessment Year (AY) 2009-10, is directed against the order passed by the Commissioner of Income Tax [(in short "Ld.CIT(A)"] vide order dated 18.06.2025, which in turn arise out of assessment orders passed by Income Tax Department/Assessing Officer under section 143(3) r.w.s. 147 of the Income Tax Act, 1961 (in short "the Act"), vide order dated 16.12.2016.

2. Grounds of appeal raised by the assessee are as follows (ITA No. 99/Rjt/2023-A.Y. 2015-16) :

- 1. The grounds of appeal mentioned hereunder are without prejudice to one another.*
- 2. The Ld. Commissioner of Income-tax (Appeals), National Faceless Appeal Centre, Delhi (hereinafter referred to as the "CIT(A)")erred on facts as also in law in rejecting the ground of*



appeal related to validity of notice issued u/s 148 of the Income tax Act, 1961. That on facts as also in law, initiation of action u/s. 147 of the Act is invalid and assessment made on such invalid initiation deserves to be quashed and may kindly be quashed.

3. *The Id. CIT(A) erred on facts as also in law in confirming addition of Rs. 48,00,000/- being alleged accommodative entries in the form of unsecured loan of Rs. 48,00,000/- from M/s. Bhoomidev Credit Corporation Ltd. The addition made and confirmed is bad in law as also on facts therefore the same may kindly be deleted.*
4. *paid been The Id. CIT(A) erred on facts as also in law in confirming addition of Rs. 7,500/- being alleged commission expenses said to on the above have accommodative entries. The addition made and confirmed is bad in law as also on facts therefore the same may kindly be deleted.*

3. Facts of the case

The appellant, a partnership firm, is engaged in the business of trading in Dyes, Chemicals & Art Materials etc under the name and style "M/s. H.J. Enterprise". The appellant regularly maintains its books of account and the same is duly audited u/s. 44AB of the Income-tax Act, 1961. The appellant filed its return of income at Rs. 58,28,760/- on 29.09.2009 and the assessment was originally finalised vide order passed u/s. 143(3) of the Act dated 29.11.2011 accepting returned income as such. On the basis of information received from Investigation Wing regarding outcome of search proceeding carried out at the business premises of one Shri Prakash Bagrecha, a director of the Company M/s. Bhumidev Credit Corporation Ltd. (hereinafter referred as to the "BCCL") and statements given by third party, the Assistant Commissioner of Income-tax, Circle -1(2), Rajkot (hereinafter referred as to the "AO") alleged that director of above companies were indulge in business of providing accommodation entries to various business entities in lieu of charging commission of 1.5% to 2% of the transaction in the form of unsecured loan and it was reported that the transactions entered into by the beneficiaries with the searched parties



were bogus and were represented the undisclosed income of the beneficiaries for assessment year 2009-10. It was alleged that the appellant was one of beneficiary of transactions. On the aforesaid borrowed satisfaction, the AO issued notice u/s. 148 of the Act on 31.03.2016. In response to said notice, the appellant vide letter dated 02.06.2016 requested AO to treat original return of income filed on 29.09.2009 may treated to file in pursuance of the notice u/s. 148 of the Act. During the reassessment proceeding, the appellant furnished all the required details. As regard the unsecured loan received from BCCL, the appellant furnished sufficient details and documents, which inter alia includes contra confirmation of lender, acknowledgement of return of income, audited account of BCCL, duly sworn affidavit of one of director namely Shri Shivraj Bagrecha. It was alleged that the unsecured loan received by the appellant of Rs.48,00,000/- from BCCL is added the same to total income of appellant u/s. 68 of the Act. The AO further alleged that appellant had paid commission of Rs. 7,500/- for availing alleged bogus loan and consequently, the addition of Rs. 7,500/- is made to the appellant's total income u/s. 69C of the Act. An assessment order vide order u/s 143(3) of the Act dated 16.12.2016 assessed the total income at Rs. 1,06,36,260/- as against originally assessed income of Rs. 58,28,760/-

4. That the assessee filed an appeal against the order of AO dated 16.12.2016 before the Ld.CIT (A) and confirmed the addition with following remarks:

The law is well settled that mere furnishing of documentary evidence is not conclusive where the surrounding facts indicate a sham transaction. The satisfaction of the Assessing Officer under section 68 must be based on the overall factual matrix, and in this case, the AO's conclusion is fully supported by corroborative evidence.



In light of the above, I find no merit in the appellant's arguments. The reassessment has been carried out in accordance with law, and the addition made by the Assessing Officer is upheld.

5. That the assessee has challenged the legality and validity of impugned order dated: 16.12.2016 by moving of an appeal before this Tribunal.

i. During the course of hearing, the Ld. AR submitted that the re-opening of assessment was mechanically re-opened no inquiry was made after information receipt all relevant supporting documents were submitted.

ii. On the contrary, the Ld. DR relied on the order of the lower authority.

6. We have heard both the representative of both the party and perused all the material available on record, and also perused the paper-book filed by the assessee before the Tribunal. That the return of income declaring income of Rs.58,28,760/- was filed on 29.09.2009 and the assessment was originally finalized on dated 29.11.2011 on total income of Rs.58,28,760/- vide order u/s.143(3) of the Act. On the basis of information received from Investigation wing by AO that in search proceeding carried out at the business premises of one Shri Prakash Bagrecha, a director of M/s. Bhumidev Credit Corporation Ltd. (hereinafter referred as to the "BCCL") that director of above companies were indulge in business of providing accommodation entries in the form of unsecured loan and it represented the undisclosed income of the beneficiaries for assessment year 2009-10.. On the contrary Shri Prakash S. Bagrecha the Director of Bhumidev vide his affidavit executed on 08.12.2016 has affirmed that the



transaction is genuine business transaction and not in nature of accommodation entry. Copy of affidavit, PAN of Shri Bagrecha, and statement of account is placed on record (Page to 14. Of PB). Entire deposits /loan was repaid by 08.03.2011. Tax was also deducted u/s 194A of the Act and was deposited.. We further note that the assessment order has confirmed that the assessee attended from time to time and furnished the details as required by AO in respect of cash credit of ₹ 48,00,000/- + 7,500/- = 48,07,500/- the AO vide para 7 of the notice has called for the details of cash credits stating: Provide name, address, PAN, Confirmation, contra a/c from all the persons who have contributed towards unsecured loans during the financial year. We note that the appellant has furnished the details of Loan and confirmation of loan from Bhoomidev Credit Corporation Ltd.. The interest payable was worked out at 1,77,411/- and TDS of ₹3,654/-was deducted. (Page 15 in Paper-Book) The AO found that in the original assessment transaction as genuine and accepted the income declared in return with minor disallowances out of the interest payment. That the fact as stated above. Shri Prakash S. Bagrecha the Director of Bhoomidey Credit Corporation Ltd. vide his affidavit executed on 08.12.2016 has affirmed that the transaction is genuine business transaction and not in nature of accommodation entry. PAN of Shri Bagrecha, and statement of account is on record. The appellant further submits that the books of accounts are audited u/s 44AB of the Act and the same is already on record. The AO and the auditor have not pointed out any defect in the Books of accounts.

That there is no justification to treat the loan of 48,00,000/- as unexplained income and addition of 7,500/- being payment of commission not recorded in the books of accounts. We note that once the assessee has established that money has been taken by way of account payee check and duly recorded in the books of accounts and books are audited by CA. Moreover, the assessee has repaid the



amount in subsequent year, then genuineness of the transaction should not be doubted. The assessee submitted the name address pan no. and confirmation of account of the party given the unsecured loan than the burden of the assessee is dully discharged under section 68 of the Act. Considering the above facts, we delete the addition of Rs. 48,07,500/- made in the total income for A.Y. 2009-10. Hence, both the addition deserves to be deleted. Therefore, we order to delete the addition in total income of the Assessee.

That we have decided the appeal on merit hence, the ground No.2, related to reopening of the case become academic in nature and ground No.1&2 does not require any adjudication.

7. In the result, the appeal of the assessee is partly allowed, in above terms.

Order is pronounced in the open court on 11/02/2026.

**Sd/-
(Dr. Arjun Lal Saini)
Accountant Member**

**Sd/-
(Dr. Dinesh Mohan Sinha)
Judicial Member**

Rajkot
दिनांक/ Date: 11/02/2026

Copy of the Order forwarded to

1. The Assessee
2. The Respondent
3. The CIT(A)
4. DR/AR, ITAT, Rajkot
5. Guard File

//True Copy//

By order
Assistant Registrar/Sr. PS/PS
ITAT, Rajkot