

**IN THE INCOME TAX APPELLATE TRIBUNAL  
NAGPUR BENCH "SMC",**

**(VIRTUAL : AT PUNE)**

**BEFORE SHRI R. K. PANDA, VICE PRESIDENT**

**ITA No.789/NAG/2025  
Assessment Year : 2017-18**

DCIT, Exemption Circle, Nagpur	<b>Vs.</b>	Vidharbha Bahuudeshiya Shikshan Sanstha, Nagpur Plot No.17, Gayatri Nagar, IT Park Road, Nagpur – 440022, Maharashtra
		<b>PAN : AAATV9026H</b>
<b>(Appellant)</b>		<b>(Respondent)</b>

Assessee by : Shri Abhishek Kumar, Adv.  
(through virtual)  
Department by : Shri Surjit Kumar Saha Sr.DR  
(through virtual)  
Date of hearing : 05-02-2026  
Date of pronouncement : 19-02-2026

**ORDER**

**PER R. K. PANDA, VP :**

This appeal filed by the Revenue is directed against the order dated 13.10.2025 of the Ld. CIT(A) / NFAC, Delhi, relating to assessment year 2017-18.

2. Facts of the case, in brief, are that the assessee is a trust and filed its return of income on 19.08.2017 declaring total income at Nil. The case was reopened on the basis of information that the assessee had obtained loan from a paper company M/s. Aneri Fincap Ltd which was engaged in providing bogus accommodation entries to various beneficiaries. Accordingly, a notice u/s 148 of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') was issued to the assessee on

25.06.2021. Subsequently, in the light of the decision of Hon'ble Supreme Court in the case of Union of India & Ors. vs. Ashish Agarwal vide Civil Appeal No.3005/2022, order dated 04.05.2022 and CBDT Instruction No.01/2022, dated 11.05.2022, the Assessing Officer provided the material and documents to the assessee. After considering the submissions made by the assessee in response to the notice u/s 148A(b) of the Act, order under clause (d) of section 148A of the Act dated 22.07.2022 was passed. Accordingly, notice u/s 148 of the Act dated 25.07.2022 was issued after obtaining prior approval from the competent authority. The assessee in response to the notice u/s 148 of the Act filed its ITR on 10.02.2023 declaring same income as admitted in the original ITR. The Assessing Officer issued a notice u/s 143(2) of the Act. Subsequently, notice u/s 142(1) of the Act along with a questionnaire was issued in response to which the assessee filed its submissions before the Assessing Officer.

3. During the course of assessment proceedings the Assessing Officer noted that a search and seizure action u/s 132 of the Act was carried out in the case of Oneworld group of cases on 06.11.2019. During the course of search proceedings it was noticed that various Oneworld group entities have shown purchases and sales from and to the entities controlled and managed by one Shri Rajesh G. Mehta. He noted that Shri Rajesh G. Mehta was arrested by the GST department for fraudulent business activities and he was also found to be involved in bogus purchase and sale transactions wherein only invoices were raised and there was no actual movement / delivery of goods. He referred to the statement on oath of Shri

Rajesh G. Mehta wherein he had admitted that he was only providing bogus sales and purchase bills to various entities and there was no actual supply of goods. Further, during the course of post-search proceedings statement on oath of Shri Urvil A. Jani, one of the key persons of Oneworld group of companies was also recorded on 08.02.2020 wherein he admitted that various Oneworld group entities have made bogus purchase / bogus sale transactions with various entities controlled and managed by Shri Rajesh G. Mehta. During the course of recording of his statement on oath, Shri Rajesh G. Mehta also provided the details of entities controlled and managed by him and the company M/s. Aneri Fincap Ltd, was one of the entities controlled and managed by Shri Rajesh G. Mehta.

4. The Assessing Officer further noted that during the course of assessment proceedings in the case of M/s. Aneri Fincap Ltd, summons u/s 131 of the Act dated 16.02.2021 were issued to the directors of the said company. However, there was no compliance to the said summons by the directors. In view of the above, the Assessing Officer asked the assessee to substantiate the loan transaction amounting to Rs.20 lakhs and interest of Rs.1,80,822/-. The assessee submitted bank statement and ledger confirmation in support of its claim. However, the Assessing Officer rejected the contention of the assessee and made addition of Rs.20 lakhs in respect of loan amount by invoking the provisions of section 68 of the Act and also made addition of Rs.1,80,822/- by invoking the provisions of section 69C of the Act.

5. Before the Ld. CIT(A) / NFAC it was submitted that the assessee is an educational trust and is claiming exemption u/s 12A of the Act. Since the assessee was in financial crunch in the financial year 2016-17, therefore, they have obtained unsecured loan of Rs.20 lakhs from M/s. Aneri Fincap Ltd through banking channel which was repaid during the same year. It was argued that the assessee had produced the bank statement and ledger confirmation of the said loan creditor during the assessment proceedings. So far as the amount of Rs.1,80,822/- is concerned, it was argued that the same amount nowhere related to the assessee and the entry was booked by M/s. Aneri Fincap Ltd unilaterally which has subsequently been reversed by them. It was argued that before the Assessing Officer the assessee also pleaded that the said transaction was genuine in nature and no bogus accommodation entry was undertaken by the assessee with M/s. Aneri Fincap Ltd. The request of the assessee for cross-examination of the director of M/s. Aneri Fincap Ltd to substantiate as to whether he has mentioned the name of the assessee in his statement was not accepted by the Assessing Officer. Relying on various decisions it was argued that when the assessee had borrowed money which was repaid during the same financial year with interest, then the provisions of section 68 of the Act cannot be applied. The decision of Hon'ble Gujarat High Court in the case of PCIT vs. Amba Tradecorp (P.) Ltd reported in 145 taxmann.com 27 (Guj), decision of Delhi Bench of the Tribunal in the case of Real Innerspring Technologies Pvt Ltd. vs. ACIT vide ITA No.647/Del/2023, order dated 27.03.2025 and the decision of the Ahmedabad Bench of the Tribunal

in the case of Manibhadra Securities Services P. Ltd. vs. ITO vide ITA Nos.2507 & 1302/Ahd/2018, order dated 24.08.2022 were relied upon.

6. Based on the arguments advanced by the assessee, the Ld. CIT(A) / NFAC deleted the addition made by the Assessing Officer by observing as under:

The Gujrat High Court, in the case of Amba Tradecorp (P.) Ltd. [2022], reported in 145 taxmann.com 27 (Gujrat), vide decision dated 05.07.2022 observed that where assessee took loan from two parties and assessee had furnished requisite material showing identity of loan givers and that assessee was not beneficiary as loan was repaid in subsequent year, no addition under section 68 could be made on account of

such loan.

In the case of Real Innerspring Technologies Pvt. Ltd Vs ACIT (ITAT Delhi)(ITA No. 647/DEL/2023, decision dated 27.03.2025), it was held that transaction is genuine u/s 68 if loan is repaid with interest.

In the case of Manibhadra Securities Services P.Ltd Vs ITO (ITAT Ahmedabad)(ITA No. 2507 and 1302/Ahd/2018, decision dated 24.08.2022), it was held that no section 68 addition can be made for loan received and repaid vide cheque.

The AO has not denied that the loan was repaid on 31.03.2017. The appellant has duly explained its contention by producing the bank statement. It was also explained that the amount of Rs.1,80,822/-, which was added u/s 69C, was unilaterally taken by M/s Aneri Fincop Ltd. on 31.03.2017 and the said entry was reversed by them on 01.04.2018.

Considering the judicial pronouncements and facts of the case, the additions made u/s 68 and 69 cannot survive. The AO is directed to delete the said additions.

Ground no. 1 and 2 are allowed.

The residual ground is general in nature and needs no discussion.

In the result, the appeal is allowed.

7. Aggrieved with such order of the Ld. CIT(A) / NFAC, the Revenue is in appeal before the Tribunal by raising the following grounds:

- i) *On the facts and in circumstance of the case & in law, the Ld. CIT(A) has erred in accepting the loan as genuine merely because the same were routed through banking channel without appreciating the facts that findings of the search and seizure operations established the facts the lender M/s Aneri Fincap Ltd is a paper company without any genuine business activity.*
- ii) *On the facts and circumstances of the case, the Ld.CIT(A) had erred in accepting that mere receipt and repayment of loan through banking channel is not sufficient to establish that the unsecured loan transaction are genuine where lender is an established paper company with no business activity. The reliance is placed on the Hon'ble Delhi High Court decision in CIT v. Nova Promoter Finlease Pvt. Ltd. (2012) 342 ITR 169 (Del).*
- iii) *On the facts and in circumstance of the case & in law, the Ld. CIT(A), failed to appreciate the fact that no interest has been paid against this alleged unsecured loan making the transaction non-genuine as held in Real Innerspring Technologies Pvt. Ltd. Vs. ACIT in ITAT Delhi's decision in ITA No. 647/Del/2023 dated 27-03-2025.*
- iv) *On the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in not properly appreciating that the only relevant three-pronged test for examining such transactions is (a) the identity of the lender, (b) the genuineness of the transaction, and (c) the creditworthiness of the lender. In the present case, the creditworthiness of the lender-being a mere paper entity was not established, thereby rendering the nature and source of the funds unsatisfactory to the AO.*
- v) *The appellant craves leave to add, amend, modify, or withdraw any of the above grounds of appeal at the time of hearing.*

8. The Ld. DR strongly challenged the order of the Ld. CIT(A) / NFAC in deleting the addition made by the Assessing Officer. He submitted that the Ld. CIT(A) / NFAC failed to comprehend that M/s Aneri Fincap Ltd is only a paper entity which only provides bogus accommodation entries to various beneficiaries and is not engaged in any genuine business activity. He submitted that this fact has been admitted by Shri Rajesh Mehta in his statement recorded in pursuance to search and seizure operation on 06.11.2019 in the case of Oneworld group. He submitted that during the course of assessment proceedings in the case of M/s.

Aneri Fincap Ltd, the Assessing Officer of the said assessee had issued summons to the directors for examining them on oath but they failed to make any compliance which further proves the non-existence of the said company. He submitted that mere receipt and repayment of loans through banking channel is not sufficient to establish the veracity of the transaction especially when the lender is a paper company with no actual business activity. He submitted that since the assessee had not made any interest payment but made an entry of Rs.1,80,822/- in its books on 31.03.2017 which was reversed by them on 01.04.2018 further demonstrates that the loan transaction was not a genuine transaction.

9. Referring to the decision of Hon'ble Supreme Court in the case of PCIT vs. NRA Iron & Steel (P.) Ltd. reported in (2019) 103 taxmann.com 48 (SC), he submitted that Hon'ble Supreme Court in the said decision has prescribed the guidelines according to which the identity of the lender, genuineness of the transaction and the creditworthiness of the lender has to be established. Since in the instant case the creditworthiness of the lender being mere a paper company was not established, therefore, the nature of source of the funds remained un-proved.

10. Referring to the decision of the Hon'ble Delhi High Court in the case of CIT vs. Nova Promoter Finlease Pvt. Ltd. reported in (2012) 342 ITR 169 (Del) and the decision of the Delhi Bench of the Tribunal in the case of Real Innerspring Technologies Pvt. Ltd. vs. ACIT (supra), he submitted that since the

creditworthiness of the lender was not established, therefore, the Ld. CIT(A) / NFAC was not justified in deleting the addition.

11. The Ld. Counsel for the assessee on the other hand heavily relied on the order of the Ld. CIT(A) / NFAC. He at the outset invoking Rule 27 of the IT Rules, 1962 submitted that the Revenue has challenged the addition of Rs.20 lakhs made by the Assessing Officer u/s 68 of the Act as accommodation entry passed on the basis of information from a search action on Oneworld group. He submitted that the allegation levelled against the assessee emanates from a search and seizure action u/s 132 of the Act carried out in the case of Oneworld group of cases on 06.11.2019. During the course of search proceedings it was revealed that various Oneworld group entities have shown purchases and sales from and to the entities controlled and managed by one Shri Rajesh G. Mehta and he was found to be involved in bogus purchase and sale transactions wherein only invoices were raised and there was no actual movement / delivery of goods. Further, Shri Rajesh G. Mehta in his statement had also provided the details of the entities controlled and managed by him and the company M/s. Aneri Fincap Ltd was one of the entities controlled and managed by Shri Rajesh G. Mehta. He submitted that invocation of jurisdiction u/s 147 of the Act is not in accordance with law and the correct legal recourse should have been u/s 153C of the Act. He submitted that the statutory scheme does not admit of an alternative pathway where the pre-conditions of section 153C are satisfied. Therefore, the re-assessment proceedings initiated by

issuance of notice u/s 148 of the Act, culminating in the assessment order u/s 147 are rendered *void-ab-initio* and are liable to be quashed for want of jurisdiction.

12. Referring to the decision of Hon'ble Bombay High Court in the case of Sejal Jewellery vs. Union of India vide Writ Petition No.3057 of 2019, he submitted that the Hon'ble Bombay High Court in the said decision has held that where the Revenue proceeds against an assessee based solely on material found during the search of another person, recourse must be had to section 153A/153C of the Act and not sections 147 / 148. It was observed that the Legislature by enacting a non obstante clause in section 153C intended to carve out a distinct procedure for such cases to avoid overlap and jurisdictional conflict.

13. Referring to the decision of the Mumbai Bench of the Tribunal in the case of Parshwa Investment vs. DCIT vide ITA No.1429/MUM/2025 for assessment year 2018-19, he submitted that in this case also the reopening was made on the basis of loans obtained from M/s. Aneri Fincap Ltd. He submitted that under identical circumstances the case was decided in favour of the assessee on the ground that the jurisdiction assumed u/s 147 is incorrect and the same ought to be u/s 153C of the Act and the assessment was quashed.

14. So far as the merit of the case is concerned, he submitted that the assessee during the course of assessment proceedings as well as before the Ld. CIT(A) / NFAC, has provided the copy of the bank statement highlighting the receipt and

repayment of the loan, ledger of M/s. Aneri Fincap Ltd and Ledger confirmation of M/s. Aneri Fincap Ltd. He submitted that since the Ld. CIT(A) / NFAC, following the decision of Hon'ble Gujarat High Court in the case of PCIT vs. Amba Tradecorp (P.) Ltd (supra), decision of the Delhi Bench of the Tribunal in the case of Real Innerspring Technologies Pvt Ltd. vs. ACIT (supra) and the decision of the Ahmedabad Bench of the Tribunal in the case of Manibhadra Securities Services P. Ltd. vs. ITO (supra), has held that where the assessee took loan and had furnished the identity of loan givers and the assessee was not beneficiary of loan as the same was repaid, no addition u/s 68 of the Act, therefore, the same being in accordance with law, has to be upheld.

15. So far as the decision relied on by the Revenue in the case of CIT vs. Nova Promoter Finlease Pvt. Ltd. (supra) is concerned, he submitted that the said decision is distinguishable and is not applicable to the facts of the present case. In that case it was share application money and not loan which has been repaid. He submitted that when two views are possible, the view which is in favour of the assessee has to be adopted in view of the decision of the Hon'ble Supreme Court in the case of CIT vs. Vegetable Products Ltd. reported in (1973) 88 ITR 192 (SC). He accordingly submitted that the order of the Ld. CIT(A) / NFAC be upheld and the grounds raised by the Revenue be dismissed.

16. I have heard the rival arguments made by both the sides, perused the orders of the Assessing Officer and the Ld. CIT(A) / NFAC and the paper book filed on

behalf of the assessee. I have also considered the various decisions cited before me. It is an admitted fact that the Assessing Officer in the instant case invoking the provisions of section 68 of the Act made addition of Rs.20 lakhs on the ground that the assessee has obtained loan of Rs.20 lakhs from M/s. Aneri Fincap Ltd, a company controlled and managed by Shri Rajesh G. Mehta and the said company was found to be a paper company and not engaged in any real business activity. I find the Ld. CIT(A) / NFAC relying on various decision deleted the addition made by the Assessing Officer on the ground that no addition can be made u/s 68 of the Act since the loan was received through banking channel and was also repaid during the same financial year. The reasons given in the order of the Ld. CIT(A) / NFAC have already been reproduced in the preceding paragraphs. I do not find any infirmity in the order of the Ld. CIT(A)/ NFAC on this issue.

17. Admittedly, the assessee during the course of assessment proceedings has filed the confirmation letter from M/s. Aneri Fincap Ltd along with the bank statement substantiating the receipt of money through proper banking channel and also the repayment of the loan during the same financial year. It has been held in various decisions that where the assessee took loan from the loan creditor and had furnished the requisite material showing the identity of loan giver and that the assessee was not the beneficiary as loan was repaid during the same year or even in subsequent year, then no addition u/s 68 of the Act could be made.

18. I find the Hon'ble Bombay High Court in the case of PCIT vs. Bairagra Builders (P) Ltd reported in 164 taxmann.com 162 (Bom) has held that where the assessee had taken unsecured loan from two companies and had submitted all evidences to substantiate the loan including confirmation from the creditors and the loans were taken and repaid through banking channel, the Assessing Officer was not justified in treating the said unsecured loans being unexplained cash credit.

19. I find an identical issue had come up before the Hon'ble Gujarat High Court in the case of PCIT vs. Amba Tradecorp (P.) Ltd (supra) wherein the Hon'ble High Court has upheld the decision of the Tribunal which in turn has dismissed the appeal filed by the Revenue. The Tribunal in the said decision at para 29 of the order has held that once the repayment of the loan has been established based on the documentary evidence, the credit entries cannot be looked into in isolation after ignoring the debit entries despite the debit entries were carried out in the later years. The assessee in the instant case is in a better footing since the loan was repaid during the impugned assessment year itself. The various other decisions relied on by the Ld. CIT(A) / NFAC as well as the Ld. Counsel for the assessee in his paper book also support his case to the proposition that when the assessee during the course of assessment proceedings has filed the bank statement, confirmation of the loan creditor and has proved that the loan was accepted through proper banking channel and the same has been repaid in the same year through proper banking channel, the addition u/s 68 of the Act cannot be made since the assessee is not a beneficiary of the said loan.

20. So far as the decision relied on by the Ld. DR in the case of CIT vs. Nova Promoter Finlease Pvt. Ltd. (supra) is concerned, I find in that case the assessee has accepted share application money from various companies whose creditworthiness was doubtful. The share application money has been retained by the assessee as a beneficiary and it was never repaid whereas in the instant case the loan so taken by the assessee was repaid in the same year. Therefore, the said decision in our opinion being distinguishable is not applicable to the facts of the present case. Even otherwise also, when two views are possible, the view which is in favour of the assessee has to be adopted in view of the decision of the Hon'ble Supreme Court in the case of CIT vs. Vegetable Products Ltd. (supra) In this view of the matter, I uphold the order of the Ld. CIT(A) / NFAC and the grounds raised by the Revenue are dismissed.

21. In the result, the appeal filed by the Revenue is dismissed.

Order pronounced in the open Court on 19<sup>th</sup> February, 2026.

**Sd/-**  
**(R. K. PANDA)**  
**VICE PRESIDENT**

पुणे Pune; दिनांक Dated : 19<sup>th</sup> February, 2026  
GCVSR

**आदेश की प्रतिलिपि अग्रेषित/Copy of the Order is forwarded to:**

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent
3. The concerned Pr.CIT, Pune
4. DR, ITAT, 'SMC' Bench, Nagpur
5. गार्ड फाईल / Guard file.

**आदेशानुसार/ BY ORDER,**

**// True Copy //**

Assistant Registrar  
आयकर अपीलीय अधिकरण ,पुणे  
/ ITAT, Pune

S.No.	Details	Date	Initials	Designation
1	Draft dictated on	16.02.2026		Sr. PS/PS
2	Draft placed before author	17.02.2026		Sr. PS/PS
3	Draft proposed & placed before the Second Member			JM/AM
4	Draft discussed/approved by Second Member			AM/AM
5	Approved Draft comes to the Sr. PS/PS			Sr. PS/PS
6	Kept for pronouncement on			Sr. PS/PS
7	Date of uploading of Order			Sr. PS/PS
8	File sent to Bench Clerk			Sr. PS/PS
9	Date on which the file goes to the Office Superintendent			
10	Date on which file goes to the A.R.			
11	Date of Dispatch of order			