

आयकर अपीलीय अधिकरण, हैदराबाद पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad 'A' Bench, Hyderabad

Before Shri Manjunatha G., Accountant Member
and
Shri Ravish Sood, Judicial Member

आ.अपी.सं /**ITA No.341/Hyd/2025**
(निर्धारण वर्ष/Assessment Year: 2012-13)

Smt. Kiran Bala Gupta, Hyderabad. PAN: AHVPG6893K	Vs.	Income Tax Officer, Ward-10(1), Hyderabad.
(Appellant)		(Respondent)
निर्धारिती द्वारा/Assessee by:	Shri AV Raghuram, Advocate	
राजस्व द्वारा/Revenue by:	Ms. Aditi Goyal, Sr. AR	
सुनवाई की तारीख/Date of Hearing:	04/02/2026	
घोषणा की तारीख/Date of Pronouncement:	20/02/2026	

आदेश / ORDER

PER. RAVISH SOOD, J.M:

The present appeal filed by the assessee is directed against the order passed by the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi, dated 20/12/2024, which in turn arises from the order passed by the Assessing Officer (for short, "AO") under section 271(1)(c) of the Income Tax Act, 1961 (for short, "the Act"), dated 30/08/2022 for the Assessment Year (AY) 2012-13. The assessee has assailed the impugned order of the CIT(A) on the following grounds of appeal:

“Violation of Principles of Natural Justice

1. The Id. CIT(A) erred in upholding the penalty order despite the fact that the Ld. AO failed to provide a reasonable opportunity of being heard before passing the impugned order. The order, therefore, violates the principles of natural justice and deserves to be set aside.

Invalid Initiation of Penalty Proceedings under Section 271(1)(c)

2. Without prejudice to the above ground, the Id. CIT(A) has failed to appreciate that the penalty proceedings under Section 271(1)(c) were initiated without specifying the exact charge-whether for concealment of particulars of income or furnishing of inaccurate particulars of income, and therefore is liable to be set aside for being vague and ambiguous, denying opportunity to the Appellant to put forth her submissions.

Penalty Order is Time-Barred and Void Ab Initio

3. Without prejudice to the above grounds, the Id. CIT(A) erred in law in not appreciating that the Penalty order passed by the Ld. Assessing Officer (AO) is barred by limitation and therefore void ab initio liable to be quashed.

Penalty Levied on a Debatable Issue

4. Without prejudice to the above grounds, on the facts and in the circumstances of the case, the Id. CIT(A) erred in law and on facts by upholding the penalty on the alleged additions made in respect of (i) sale of jewellery treated as income from other sources of Rs.31,29,215; (ii) denial of exemption in respect of LTCG on sale of shares u/s.10(38) of Rs.1,86,32,023 and (iii) unexplained income of Rs.61,00,000 without properly appreciating the legal and factual position.

5. The Id. CIT(A) erred in confirming the penalty on an issue that is debatable and on which issue there is always a possibility of difference of opinion.

Penalty on Substantial Question of Law is Unjustified

6. The Id. CIT(A) erred in not appreciating that the Hon'ble High Court has admitted substantial question of law on the issue of denial of exemption for LTCG under section 10(38) of the Act and therefore the penalty could not have been levied on the said issue.

7. The Id. CIT(A) failed to appreciate that penalty proceedings are independent of assessment proceedings and that penalty cannot be levied merely because the additions are sustained in the assessment proceedings.

8. The Id. CIT(A) failed to appreciate that there is neither concealment of income or furnishing of inaccurate particulars of income by the Appellant, and the penalty levied by the AO is unjustified.

For these and other grounds that may be urged with the leave of the Hon'ble Tribunal, it is prayed that the appeal may be allowed deleting the penalty of Rs.86,00,392 levied by the AO under section 271(1)(c) of the Act.”

2. Succinctly stated, the assessee had filed her return of income on 23/11/2012 declaring an income of Rs.44,83,200/-. Subsequently, the case of the assessee was selected for scrutiny assessment under section 143(2) of the Act. Thereafter, the AO framed the assessment vide order passed under section 143(3) of the Act, dated 26/03/2015 determining the income of the assessee at Rs.3,39,05,130/- after making certain additions, viz., (i) recharacterization of short term capital gains (STCG) disclosed by the assessee from share transactions as business income: Rs.15,60,693/-; (ii) addition of the amount claimed by the assessee to have been received on sale of jewellery (weight: 1105.73 grams of gold) on 28/01/2012 to M/s. Manoj Jewellers, Secunderabad: Rs.31,29,215/-; (iii) rejection of the assessee's claim for exemption of the capital gain on sale of shares, i.e., 57,200 shares of Oasis Cine Communication Ltd and addition of the entire sale proceeds to the income of the assessee: Rs.1,86,32,023/-; and (iv) addition of the

amounts claimed by the assessee to have been received as unsecured loans from 11 parties by treating the same as her unexplained money under section 69A of the Act: Rs.61,00,000/-. Accordingly, the AO vide his order under section 143(3) of the Act, dated 26/03/2015 determined the income of the assessee at Rs.3,39,05,130/-.

3. Aggrieved, the assessee carried the matter in appeal before the CIT(A) who vide the order passed in ITA No.0110/2015-16/CIT(A)-6/16-17, dated 20/10/2016 accepted the assessee's claim of short term capital gain (STCG) of Rs.15,60,696/- on sale of shares but upheld the other additions/disallowances made by the AO.

4. Aggrieved with the order of the CIT(A) the assessee carried the matter in appeal before the Tribunal, which vide its order in ITA No.64/Hyd/2017 (AY: 2012-13), dated 10/12/2021 dismissed the appeal. Also, the Miscellaneous Application (MA) filed by the assessee before the Tribunal was dismissed vide the latter's order dated 22/03/2022.

5. Thereafter, the AO who had kept the penalty proceedings in abeyance issued a show cause notice (SCN) to the assessee under section 274 of the Act, dated 13/07/2022, wherein she was called upon to explain as to why the penalty may not be imposed on her with respect to the additions sustained by the Tribunal. In reply, the assessee submitted that as she had assailed the order passed by the Tribunal

before the Hon'ble High Court, therefore, the penalty proceedings be deferred till the disposal of the said appeal. As is discernible from the record, the AO issued show cause notice (SCN), dated 25/08/2022 to the assessee which however remained uncompiled with by her.

6. Thereafter, the AO vide his order under section 271(1)(c) of the Act, dated 30/08/2022 imposed a penalty of Rs.86,00,390/-.

7. Aggrieved, the assessee assailed the order passed by the AO under section 271(1)(c) of the Act, dated 30/08/2022 before the CIT(A) but without success.

8. The assessee aggrieved with the order of the CIT(A) has carried the matter in appeal before us.

9. We have heard the Learned Authorized Representatives of both parties, perused the orders of the lower authorities and the material available on record, as well as considered the judicial pronouncements that have been pressed into service by the Ld. AR to drive home his contentions.

10. Shri AV Raghuram, Advocate, Learned Authorized Representative (for short, "Ld.AR") for the assessee, at the threshold of hearing of the appeal, submitted that both the lower authorities had grossly erred in law and facts of the case in imposing/sustaining the

penalty of Rs.86,00,390/- under section 271(1)(c) of the Act. Elaborating on his contention, the Ld. AR had advanced his contention qua the different facets of additions regarding which the penalty had been imposed upon the assessee company.

11. The Ld. AR submitted that the penalty levied in respect of the addition of Rs.1,86,32,023/- relating to long term capital gains (LTCG) on sale of securities is unsustainable in law, since the Hon'ble High Court of Telangana has admitted the assessee's appeal on the said issue and has formulated substantial questions of law, which are pending adjudication as on date. Elaborating on his contention, the Ld. AR submitted that once an appeal is admitted by the Hon'ble High Court, then the issue becomes debatable and no penalty under section 271(1)(c) of the Act can be levied. The Ld. AR to buttress his contention had relied upon the judgment of the Hon'ble High Court of Delhi in the case of Principal Commissioner of Income Tax vs. Harsh International Pvt. Ltd., ITA Nos.620 &622 of 2019, dated 22/12/2020. The Ld. AR to fortify his contention had placed on record the aforesaid judgment of the Hon'ble High Court of Delhi in the case of Principal Commissioner of Income Tax vs. Harsh International Pvt. Ltd (supra).

12. Alternatively, the Ld. AR submitted that as the sale proceeds of shares of M/s. Oasis Cine Communication Ltd of Rs.1.86 crores

(approx.) were credited in the bank account of the assessee, i.e., Savings Bank account No.02711100004794 on 10/04/2012 and subsequent thereto, i.e., in the immediately succeeding year, therefore, there was no justification for the AO to have made an addition regarding the said credits in the hands of the assessee during the subject year. The Ld. AR submitted that as the penalty proceedings are separate and distinct from the assessment proceedings, therefore, the aforesaid material aspect be considered for adjudicating the sustainability of the penalty imposed by the AO qua the aforementioned addition of Rs.1.86 crores (supra).

13. Apart from that, the Ld. AR submitted that qua the sale proceeds of jewellery by the assessee (weight: 1105.73 grams of gold) made to M/s. Manoj Jewellers, Secunderbad on 28/01/2012, the assessee had suffered the addition on the standalone reason that the sale transaction could not be substantiated in the course of the assessment proceedings. Elaborating on his contention, the Ld. AR submitted that though the assessee had in the course of the assessment proceedings placed on record the sale invoices of M/s. Manoj Jewellers, Secunderabad to whom the jewellery was sold but as the partner of the said concern, viz., Shri Manoj Jain in his statement recorded by the AO on 09/02/2015 had expressed his unawareness about the transaction for the reason that the

same were being looked after by his father, late Shri Sugam Chand Jain who expired on 02/04/2014, therefore, the AO had dubbed the sale transaction as bogus. Also, the Ld. AR submitted that though it was the claim of the assessee that she acquired the jewellery in June, 1998 but had no material to substantiate her said claim except for the statement of her Mother, therefore, the AO had declined to accept the same primarily for the reason that no Wealth Tax returns in support thereof were produced before him.

14. Coming to the characterization of the unsecured loan of Rs.61 lakhs, which the assessee had claimed to have received from 11 persons, as having been held by the AO as the assessee's unexplained money under section 69A of the Act, the Ld. AR submitted that though the assessee had furnished the details in the course of the assessment proceedings but the same had been rejected by the AO for multi facet reasons, viz., lack of creditworthiness of the lender, non-filing of the returns of income by the lenders, cash deposits in the bank account of the lender on the same date on which the loan was advanced, etc. The Ld. AR submitted that the assessee had suffered the addition under section 69A of the Act of Rs.61 lakhs only for the reason that he had failed to substantiate the unsecured loans received from aforementioned 11 persons based on irrefutable documentary evidence.

15. Per contra, Ms. Aditi Goyal, Learned Senior Departmental Representative (for short, "Ld. Sr-DR") relied upon the orders of the authorities below.

16. We have given a thoughtful consideration to the contentions advanced by the Learned Authorized Representatives of both parties qua the aforementioned multi facet additions that were made by the AO, which as observed by us herein above had thereafter been upheld by the Tribunal vide its order passed in ITA No.64/Hyd/2017, dated 10/12/2021.

17. At the threshold of hearing of the appeal, we may herein observe that it is a matter of fact discernible from the record that the impugned addition of Rs.1,86,32,023/- that was made by the AO by recharacterizing the sale of shares of M/s. Oasis Cine Communications Ltd by the assessee during the subject year as an unexplained cash credit under section 69A of the Act (after treating the sale transaction as genuine and declining of the assessee's claim for exemption of long term capital gains (LTCG) arising therefrom as exempt under section 10(38) of the Act) was upheld by the Tribunal by dismissing the appeal filed by the assessee in ITA No.64/Hyd/2017, dated 10/12/2021. Also, as observed hereinabove, the Miscellaneous Application (MA) filed by the assessee was also dismissed by the Tribunal vide its order dated

22/03/2022. However, the assessee thereafter had assailed the order passed by the Tribunal before the Hon'ble High Court of Telangana, which vide its order dated 09/01/2024 had admitted the appeal but only in context of the impugned addition of Rs.1,86,32,023/- that was made by the AO under section 68 of the Act (after declining the assessee's claim for exemption of the long term capital gain (LTCG) arising therefrom under section 10(38) of the Act). For the sake of clarity, we deem it apposite to cull out the order passed by the Hon'ble High Court in ITTA No.154 of 2022, dated 09/01/2024, wherein the following substantial questions of law on the aforesaid issue had been admitted as under:

"The appeal is admitted for hearing on the following substantial questions of law:-

1. Whether on the facts and in the circumstances of the case, the finding of the Income Tax Appellate Tribunal is perverse in holding that Appellant maintained books of accounts as required under section 44AA of the Act and that Appellant followed mercantile system of accounting, only to sustain its finding that the addition of Rs. 1,86,32,023/- is made under section 68 of the Income Tax Act, 1961, when the admitted fact is that Appellant is not in business and did not maintain books of account?
2. Whether on the facts and in the circumstances of the case, the Income Tax Appellate Tribunal is correct in law in sustaining the action of the Assessing Authority in bringing to tax the sale proceeds on the sale of shares of Rs. 1,86,32,023/-, which amount is not received in the previous year relevant to assessment year under consideration, only because the appellant mistakenly claimed the above as

LTCEG exempt under Section 10(38) of the Income Tax Act, 1961, in the asst. year under consideration?"

Ms. Sunita, learned counsel under instructions of Ms. Sundari, learned Senior Standing Counsel for Income Tax accepts notice for the respondent. Hence, issuance of notice stands dispensed with.

Let the appeal be listed for hearing in its usual course."

18. We find substance in the Ld. AR's contention that once the Hon'ble High Court had admitted the appeal and formulated the substantial question of law arising from the quantum addition, then the issue necessarily becomes debatable and, consequently, the penalty under section 271(1)(c) of the Act is not leviable in respect of such addition. Our aforesaid view is fortified by the judgment of the **Hon'ble High Court of Delhi** in the case of **PCIT v. Harsh International Pvt. Ltd. (2021) 431 ITR 118 (Delhi)**. The Hon'ble High Court of Delhi in its aforementioned judgment had categorically held that once the High Court admits an appeal on a substantial question of law arising from the quantum addition, the issue necessarily becomes debatable and consequently penalty proceedings under section 271(1)(c) cannot be imposed in respect of such addition. It was further observed that the admission of an appeal itself demonstrates that the issue is disputable and, therefore, the assessee cannot be fastened with the charge of concealment of income or furnishing of inaccurate particulars of income.

For the sake of clarity, we deem it apposite to cull out the observations of the Hon'ble High Court of Delhi wherein after relying upon a host of earlier orders on the said issue it had held as under:

“11. The Hon'ble Delhi High Court in CIT versus liquid investments limited in ITA No. 240/2009 is also held that when the assessee has preferred an appeal under Section 260A of the act which has also been admitted as substantial question of law, this itself shows that the issue is debatable and for this reason the penalty under section 271(1)(c) is not leviable. The same view was reiterated by the Hon'ble Delhi High Court in case of CIT Vs. Thomson Press India Ltd wherein, it has been held that where the question of law raised by the assessee has been framed and admitted in the circumstances of the case, imposition of penalty cannot, justify. Similar view has further been taken by the Hon'ble Delhi High Court in the 334 ITR 367 wherein it has been held in para No. 3 that once the appeal preferred by the assessee has been admitted that would show that substantial question of law on the income addition is involved and thus the issue is clearly debatable. We are also aware that Hon'ble Gujarat High Court has taken a contrary view in [2015] 58 taxmann.com 334 (Gujarat)/[2015] 232 Taxman 352 (Gujarat)/[2014] 272 CTR 353 (Gujarat CIT Vs. Prakash S Vyas holding that Unless there is any indication in order of admission passed by High Court, simply because tax appeals is admitted, would not give rise to presumption that issue is debatable; penalty under section 271(1)(c) could not be deleted on this ground. However as Hon'ble Delhi High Court being jurisdictional High Court binds us and further such view is also supported by the Hon'ble Bombay High Court, we take a view that when the appeal of the assessee has been admitted by the Hon'ble Delhi High Court on the merits as well as on the legal issue the penalty levied by the Ld. assessing officer and confirmed by the Ld. CIT(A) for assessment year 2004 - 2005 and 2005 - 06 is not sustainable.

12. Even otherwise we have also perused the show cause notice issued by the Ld. assessing officer under section 274 of the income tax act and find that for both the years the Ld. assessing officer has not cancelled one of the charge on the assessee. We have also perused the assessment orders for both the years wherein the Ld. assessing officer has also not levied any specific charge on the additions made but has simply stated that he is satisfied that the penalty proceedings under section 271(1)(c) should be initiated against the assessee company. Therefore we find that there is no specific charge levied by the assessing officer in the assessment orders as well as in the penalty notices but has levied the penalty on the assessee holding that assessee has furnished inaccurate particulars of his income. Therefore as held by Hon'ble Karnataka High Court in case of CIT versus SSA Emerald Meadows in 396 ITR

538 [LQ/KarHC/2017/232] which held so and against which the Hon'ble Supreme Court has dismissed the special leave petition of the revenue in 73 Taxmann.com 248, we also hold that when in the show cause notice the Ld. assessing officer has failed to create a specific charge and which has also not been specified in the assessment order the penalty cannot be levied under section 271(1)(c) of the act. The Ld. departmental representative could not show us any other contrary decision on this issue. In the result on this ground also the penalty deserves to be cancelled.

13. As we have already cancelled the penalty orders on two different submissions of the assessee, we do not deal with other issues raised as now they are purely academic in nature.”

19. We thus, respectfully following the order the **Hon'ble Delhi High Court of Delhi in Principal Commissioner of Income Tax vs. Harsh International Pvt. Ltd (supra)**, and hold that the penalty under section 271(1)(c) of the Act in respect of the addition of Rs.1,86,32,023/- relating to the long term capital gains (LTCG) on sale of securities treated by the AO as its “income from other sources” is not sustainable in law. Accordingly, the penalty levied by the AO on the aforesaid addition of Rs.1.86 crores (supra) is directed to be deleted.

20. Before parting on the aforementioned issue, we may herein observe for the sake of completeness in so far the contentions advanced by the Ld. AR that as the sale proceeds of 57,200 shares of Oasis Cine Communication Ltd were credited in the bank account of the assessee, i.e., Savings Bank account No.02711100004794 not during the year under consideration but in the immediately succeeding year, i.e., the AY 2013-14, therefore, no addition in the case of the assessee even

otherwise on merits was called for, we are unable to persuade ourselves to subscribe to the same. We say so, for the reason that the addition that was made by the AO finds its genesis in declining of the assessee's claim of exemption under section 10(38) of the Act resulting to the addition of Rs.1.86 crores (supra) and not on the basis that the same addition was found to be an unexplained cash credit under section 68 of the Act.

21. Be that as it may, as we have quashed the penalty imposed by the AO with respect to the addition of Rs.1.86 crores (supra) for the reason that the assessee has assailed the said quantum addition as was sustained by the Tribunal before the Hon'ble High Court of Telangana which has, inter alia, admitted the appeal and formulated the substantial questions of law qua the aforesaid addition, therefore, as observed by us herein above no penalty under section 271(1)(c) of the Act regarding the said addition can be sustained.

22. Apropos, the addition made by the AO of the entire sale proceeds of sale of jewellery of Rs. 31,29,215/-, we find that as the assessee had failed to substantiate its claim that the said amount was sourced out of the sale proceeds of gold ornaments (weight: 1105.73 grams of gold) on 28/01/2012 to M/s. Manoj Jewellers, Secunderabad, therefore, the said sale proceeds were added to its income by the AO. Also, we find that the

aforementioned addition of Rs.31.29 lakhs made by the AO had been upheld by the Tribunal vide its order in ITA No.64/Hyd/2017, dated 10/12/2025. Further, the Miscellaneous Application (MA) filed by the assessee had been dismissed by the Tribunal vide its order dated 22/03/2022.

23. Albeit, the Ld. AR's contention that as the assessee had failed to substantiate the purchase/sale of the subject gold ornaments based on irrefutable documentary evidence, therefore, merely for the reason that he had been visited with an addition of the aforementioned amount cannot justify levy of penalty under section 271(1)(c) of the Act, we principally concur with the Ld.AR that as the assessment proceedings are separate and distinct from penalty proceedings, therefore, merely for the reason that an addition has been made in the hands of the assessee on the said standalone basis cannot justify levy of penalty upon him under section 271(1)(c) of the Act. However, we find that as the assessee in the present case had not established the genuineness of the transaction of sale of gold ornaments and also had failed to produce any material which would irrefutably evidence that she owned the subject jewellery, therefore, the AO had rejected the explanation of the assessee that the amount of Rs.31,29,215/- was received by her on sale of jewellery. Accordingly, the AO based on the aforesaid facts had rejected

the assessee's claim of long term capital gains (LTCG) on the aforesaid sale transaction of jewellery of Rs.30.16 lakhs (approx.), which thereafter was claimed by her as a deduction under section 54F of the Act on the ground that the said sale proceeds was invested by her in the construction of a residential house.

24. Ostensibly, the assessee had though produced before the AO the sale invoices of M/s. Manoj Jewellers but had expressed her inability to produce the said person on the ground that she had no business relations with him. We find that Shri Manoj Jain, partner of M/s. Manoj Jewellers, Secunderabad on being summoned by the AO had in his statement recorded on 09/02/2015 stated that the business at the relevant point of time was being looked after by his father Shri Sugam Chand Jain, who had expired on 02/04/2024. However, we find that not only Shri Manoj Jain (supra) had stated that he was not in a position to confirm the sale transaction of the gold ornament by the assessee, but interestingly he had also expressed his unawareness about the person whose signatures were borne on the invoices. Also, the fact that the assessee had declined to cross examine Mr. Manoj Jain (supra) further raises serious doubt about the genuineness of the sale transaction of the gold ornaments so claimed by her. At this stage, we may further observe that not only the sale transaction of the gold ornaments had remained

unsubstantiated, but surprisingly the assessee except for harping on the self-serving statement of her mother, had failed to place on record any material which would evidence that she had purchased the jewellery. In our view, on a cumulative perusal of the aforesaid facts attending to the purchase/sale transaction of the gold ornaments, wherein the long term capital gain arising therefrom had been claimed as a deduction under section 54 of the Act, raises serious doubts as regards the veracity of the said transaction.

25. Be that as it may, we are of firm conviction that as the addition made by the AO by treating the amount of Rs.31,29,215/- as the assessee's unexplained income had been upheld by the Tribunal vide its order passed in ITA No.64/Hyd/2017, dated 10/12/2021, therefore, in the backdrop of the aforesaid fact which reveal that the assessee had failed to come forth with any plausible explanation regarding the source of the amount of Rs.31,29,215/- credited in its bank account, we are of the view that the AO being satisfied about the falsity of the claim of the assessee that she had carried out genuine sale of gold ornaments, rightly imposed penalty on the said addition under section 271(1)© of the Act. We thus, finding no infirmity in the view taken by the CIT(A) who had upheld the penalty imposed by the AO under section 271(1)(c) of the Act

regarding the addition of Rs.31,29,215/- made by the AO under section 69A of the Act, uphold the same.

26. We shall now deal with the addition of Rs.61 lakhs made by the AO regarding the unexplained cash credits made in the bank account of the assessee.

27. As is discernible from the record, the assessee had claimed that he had received an amount aggregating to Rs.61 lakhs as unsecured loans from 11 parties, details of as regards which are available at Pages 19 to 20 of the assessment order. However, the AO rejected the claim of the assessee of having received the loans from the aforementioned parties based on multi facet reasons, viz.,(i) the assessee had failed to file the bank statements of certain lenders to establish the source out of which the loan was advanced; (ii) no interest was paid by the assessee to the lender; (iii) the lenders were not having the creditworthiness to advance the loans to the assessee; (iv) the bank accounts of the assessee (as and where it was filed) did reveal nominal balance throughout the year; (v) the advancing of the loan by the aforementioned parties was immediately preceded by a cash deposits of amounts in their bank accounts; and (vi) the lender was not being assessed to tax. In our view, as the assessee had primarily failed to substantiate the creditworthiness of the lenders and also the genuineness of the

respective loan transactions, therefore, the AO had rejected her explanation that the respective amounts were received by her as loans from the aforementioned parties and made an addition of the same to her returned income. As observed herein above, the addition of Rs.61 lakhs made by the AO had thereafter been upheld by the Tribunal vide its order passed in ITA No. 64/Hyd/2017 (AY: 2012-13), dated 10/12/2021, and the same had attained finality.

28. We have given a thoughtful consideration and in the backdrop of the facts leading to the impugned addition of the amount of Rs.61 lakhs that was claimed by the assessee to have been received as unsecured loans from the aforementioned 11 parties. We find that the AO in the absence of any plausible explanation of the assessee which would irrefutably substantiate the veracity of her aforesaid claim of having received genuine loans from aforementioned parties, had based on certain concrete findings regarding the said respective parties rejected her claim, and after treating the same as having been sourced out of the unexplained money of the assessee subjected the said addition to penalty under section 271(1)(c) of the Act. In our view, as the assessee had failed to substantiate her explanation of having raised genuine loans from the aforementioned 11 parties, therefore, the AO after being satisfied with the falsity of the said claim had rightly subjected the said

addition to penalty under section 271(1)(c) of the Act. We thus, finding no infirmity in the view taken by the AO, uphold the penalty imposed by the AO under section 271(1)(c) of the Act with respect to the aforementioned amount of Rs.61 lakhs.

29. In the result, appeal filed by the assessee is partly allowed in terms of our aforesaid observations.

Order pronounced in the open court on 20th February, 2026.

Sd/- (MANJUNATHA G.) ACCOUNTANT MEMBER	Sd/- (RAVISH SOOD) JUDICIAL MEMBER
---	---

Hyderabad,

Dated 20th February, 2026.

***OKK / SPS**

Copy to:

S.No	Addresses
1	Smt. Kiran Bala Gupta, 212, Gun Rock Enclave, Road No.12, Diamond Point, Tirumalagiri, Hyderabad-500011.
2	Income Tax Officer, Ward-10(1), IT Towers, AC Guards, Masab Tank, Hyderabad.
3	The Pr.CIT, Hyderabad
4	The DR, ITAT Hyderabad Benches
5	Guard File

By Order

Sr. Private Secretary,
ITAT, Hyderabad.