

**IN THE INCOME TAX APPELLATE TRIBUNAL "D" BENCH, KOLKATA**

**BEFORE SHRI RAJESH KUMAR, AM  
AND  
SHRI PRADIP KUMAR CHOUBEY, JM**

**ITA No. 2676/KOL/2025  
(Assessment Year: 2011-12)**

**SK Sarawagi & Company (P)  
Ltd.**  
507, Shubham, 1, Sarojini Naidu  
Sarani, Park Street, Kolkata-  
700017, West Bengal

**Vs.**

**DCIT, Circle 5(1)**  
Aaykar Bhawan, P-7,  
Chowringhee Square, Kolkata-  
700069, West Bengal

**(Appellant)**

**(Respondent)**

**PAN No. AADCS8887R**

**Assessee by** : Shri Manoj Kataruka, AR  
**Revenue by** : Shri Pradip Kumar Biswas, DR

**Date of hearing:** 27.01.2026  
**Date of pronouncement:** 26.02.2026

**ORDER**

**Per Rajesh Kumar, AM:**

This is an appeal preferred by the assessee against the order of the Commissioner of Income-tax (Appeals)-4, Chennai, (hereinafter referred to as the "Ld. CIT(A)") dated 30.10.2025 for the AY 2011-12.

2. The issue raised in ground no.1 is against the order of Id. CIT (A) confirming the addition of ₹1.00 crores as made by the Id. AO u/s 68 of the Act on account of unsecured loan by treating the same as unexplained cash credit.

2.1. The facts in brief are that the assessee filed the return of income on 19.09.2011, declaring total income at ₹6,31,61,245/-. The assessee is engaged in the business of mining of Manganese Ore, Iron

Ore, Coal and other items, manufacturing of sponge Iron, MS ingots and TMT Bars. The case of the assessee was selected for scrutiny and statutory notices along with questionnaire were duly issued and served upon the assessee. The Id. AO in Para no.2 noted that the information was received from DIT (investigation), Kolkata that the assessee has taken accommodation entries from the companies controlled and run by shri Anand Sharma, an entry operator. Accordingly, the assessee was called upon to explain the money received from M/s Harish tie Up Ltd. The assessee submitted before the Id. AO that assessee has received ₹1.00 crores from the said entity as unsecured loan on which interest of ₹1,17,808/- was provided after deduction of TDS of ₹11,781/- and the net amount was paid of ₹1,06,027/- on 26.03.2011. The assessee also filed the details and confirmation of loans with the Id. Assessing Officer. The assessee submitted that the said loan was repaid on 16.06.2011, along with interest after deduction of tax at source. However, the Id. AO doubted the said loan and treated the same as unexplained expenditure u/s 68 of the Act and added to the income of the assessee in the assessment framed u/s 143(3) of the Income-tax Act, 1961 (the Act) vide order dated 30.03.2015.

2.2. In the appellate proceedings, the Id. CIT (A) confirmed the order of the Id. AO on the ground that the loan was received from a shell company and therefore, rightly added by the Id. AO.

2.3. After hearing the rival contentions and perusing the materials available on record, we find that undisputedly the assessee raised an unsecured loan of ₹1.00 crores from M/s Harish tie Up Ltd. According to the Id. AO, the said entity is a shell entity operated by Shri Anand Sharma an entry provider. We note that the assessee during the assessment proceeding, provided all the details of the said loan

including the PAN, copy of balance sheet, confirmation etc. along with copy of bank statement. However, the Id. AO treated the said loan as unexplained cash credit u/s 68 of the Income-tax Act, 1961 and added the income of the assessee, which was confirmed by the Id. CIT (A). We note that the assessee has repaid the loan on 16.06.2011, along with interest after deduction of tax at source. Therefore, once, the assessee has filed all the evidences before the Id. AO and the Id. AO has not carried out any enquiry, in order to point out any defects into these evidences then no addition can be made u/s 68 of the Act if the repayment made in the subsequent financial years. The case of assessee is squarely covered by the decisions of the Hon'ble Calcutta High court in number of cases namely PCIT-2, Kolkata Vs. Rahul Premier India Agency Private Limited in ITAT/133/2025, IA No.GA/2/2025 vide order dated 05.08.2025, PCIT Vs. M/s Narayan Tradecom Pvt. Ltd. in ITAT/76/2025, IA No. GA/1/2025 dated 10.06.2025, PCIT Vs. Alom Extrusions Ltd. ITAT/268/2024, IA no. GA/1/2024, GA/2/2024 dated 17.12.2024, PCIT Vs. M/s Edmond Finvest Pvt. Ltd., in ITAT/28/2024, GA/2/2024 dated 26.02.2024, PCIT Vs. Parwati Lakh Udyong, ITAT/2/2024, IA No.GA/1/2024 dated 19.02.2024. In all the above decisions the Hon'ble court has held that where the assessee has filed all the evidences qua the loan creditors before the Id. AO and loans are also repaid then the same cannot be added us/ 68 of the Act. Similarly, the of assessee is squarely covered by the decision of the Hon'ble Gujarat High Court in the case of Ambe Tradecorp (P.) Ltd., reported in [2022] 145 taxmann.com 27 (Gujarat), wherein it has been held as under :-

*"3. The issue in this case arose in respect of the assessment year 2012-2013. It appears that the two loan transactions of Rs. 8,50,00,000/- and Rs. 23,70,00,000/- received by respondent assessee from one M/s. J.A Infracon Private Limited and M/s. Satya Retail Private Limited were treated by assessing officer to be sham in the sense that the*

*creditworthiness etc. of the giver of the loan were not established. Accordingly, the assessing officer made addition under section 68 of the Act.*

*3.1 While the assessing officer dealt with unexplained cash credit from the M/s. Satya Retail Private Limited and from M/s. J.A Infracon Private Limited in his order in paras 5.1 and 5.2 respectively, the Commissioner of Income-tax in the appeal preferred by assessee found on facts and the material before it that the said two cash creditors had been holding their identity, creditworthiness and genuineness in respect of the loan transactions.*

*3.2 The appellate authority observed that, "In this regard, it has been noticed that ledger accounts and confirmations of the aforesaid two parties have been provided by the appellant to the AO in the assessment proceedings. Thereafter, the AO also carried out the independent inquiries u/s. 133(6) of the I.T. Act and in compliance thereto both the companies have submitted the requisite information."*

*3.3 The information supplied by assessee was duly noticed by appellate authority and facts in that regard were recorded also to arrive at a finding that the unsecured loans to the aforesaid parties have been paid by account payee cheques from the bank account of the assessee which was not in dispute, much less in doubt. The accounts were finally settled with the repayment of the loan to the lender companies.*

*3.4 When the revenue preferred appeal before the Appellate Tribunal, the Tribunal confirmed the findings recorded by the Appellate Authority. The Tribunal referred to the decision of Durga Prasad More (82) ITR 540 and also in Sumati Dayal (214) ITR 801, to further record on the basis of the facts that the assessee had furnished the details such as copy of ledger account, bank statements, income tax returns, balance sheet etc. It was also recorded that notice under Section 133(6) of the Act was issued to the said parties which were duly responded by them. The identity of the parties could not be, therefore, disputed, recorded the tribunal. The aspect was also noticed that the assessee was not beneficiary of the loan received by it and the loan was repaid by the assessee in the subsequent year. It led to unacceptable conclusion that the impugned transaction was a business transaction between the assessee and the loan parties and that they could not be doubted for their genuineness.*

*3.5 While the revenue has tried to put up a case that the transactions were in the nature of accommodation entries, this case has only presumptive and assumptive value not supported by any factual data. On the contrary, on the basis of the material before the authorities, the transactions were found to be genuine.*

*4. Learned advocate for the appellant attempted to emphasize that for the purpose of application of Section 68 of the Act, three ingredients were necessary. Firstly identity of the parties to the transaction of loan, second is the creditworthiness of such parties and thirdly the genuineness of the transaction. It was submitted in vain that neither of the ingredients were satisfied.*

*5. As discussed above, since the requisite material was furnished by assessee showing the identity and since the assessee was not beneficiary when the loan was repaid in the*

*subsequent year, even the ingredients of creditworthiness and genuineness of transaction were well satisfied.*

6. *The Tribunal rightly recorded in para 29 of the judgment,*

*"Once repayment of the loan has been established based on the documentary evidence, the credit entries cannot be looked into isolation after ignoring the debit entries despite the debit entries were carried out in the later years. Thus, in the given facts and circumstances, were hold that there is no infirmity in the order of the Ld. CIT-A. "*

7. *For the reasons recorded above, no question of law much less substantial questions arises in this appeal. It stands meritless and accordingly dismissed.*

2.4. Accordingly, we respectfully following the ratio laid down by the Hon'ble Jurisdictional High Court and Gujarat High Court, set aside the order of the Id. CIT(A) and direct the Assessing Officer to delete the addition.

3. The issue raised in ground no.2 is consequential to ground no.1 and is accordingly, allowed.
4. In the result, the appeal of the assessee is allowed.

Order pronounced in the open court on 26.02.2026.

Sd/-  
(PRADIP KUMAR CHOUBEY)  
(JUDICIAL MEMBER)

Sd/-  
(RAJESH KUMAR)  
(ACCOUNTANT MEMBER)

Kolkata, Dated: 26.02.2026

Sudip Sarkar, Sr.PS



Copy of the Order forwarded to:

1. The Appellant
2. The Respondent
3. CIT
4. DR, ITAT,
5. Guard file.

BY ORDER,

True Copy//

Sr. Private Secretary/ Asst. Registrar  
Income Tax Appellate Tribunal, Kolkata