

**CIN THE INCOME TAX APPELLATE TRIBUNAL “C” BENCH, KOLKATA**

**SHRI RAJESH KUMAR, ACCOUNTANT MEMBER  
PRADIP KUMAR CHOUBEY, JUDICIAL MEMBER**

**I.T.A. Nos. 2127 & 2128/Kol/2025  
(Assessment Years 2013-14 & 2014-15)**

**MESCAB India Private Limited,**  
Mescab Cebtre, 53A, Tiljala Road,  
3<sup>rd</sup> Floor, Kolkata - 700046  
[PAN: AABCM6765C]

..... **Appellant**  
**vs.**

**DCIT, Circle 11(1), Kolkata,**  
Aayakar Bhawan, P-7,  
Chowringhee Square,  
Kolkata - 700069

..... **Respondent**

**Appearances by:**

Assessee represented by : S.K. Pransukha, AR

Department represented by : Altaf Hussain, Addl. CIT, Sr. DR

Date of concluding the hearing : 25.02.2026

Date of pronouncing the order : 06.03.2026

**ORDER**

**Per Rajesh Kumar, AM**

These are batch of two appeals filed by the same assessee arising from order dated 22.07.2025, passed u/s 250 of the Income Tax Act, 1961 (hereafter “the Act”) by the Ld. Commissioner of Income Tax (Appeals) National Faceless Appeal Centre (NFAC), Delhi (hereinafter ‘the Ld. CIT(A)'). Since the above appeals are heard together and the issues are common, therefore these are being disposed of by this common order for the sake of convenience and brevity. We would first take up appeal ITA No. 2127/Kol/2025.

**ITA No. 2127/Kol/2025**

2. The issue raised in Ground No. 1 by the assessee is against the order of Ld. CIT(A) confirming and further enhancing the addition made by the AO of Rs. 3.35 Crores on account of unsecured loans by treating the same as unexplained cash credit to c Rs. 4.60 Crores and also upholding the disallowance of interest expenses on unsecured loans to the tune of Rs. 24,91,664/-.

3. The facts in brief are that the assessee filed return of income at Rs. 98,71,734/-. The case of the assessee was selected for scrutiny and statutory notices along with questionnaire were duly issued and served upon the assessee. The assessee is engaged in the business of trading and manufacturing of PVC Cables/Polyester tape/Copper wire etc. The assessee complied with the notices/questionnaire by submitting various documents and details as called for by the AO. The AO noted from the said details and during the year, the assessee has raised unsecured loans from 18 parties aggregating to Rs. 4.60 Crores. The assessee submitted before the AO all the evidences qua these unsecured loans such as names, addresses, PANs, audited accounts, confirmations etc. The also AO issued letters to all the loan creditors u/s 133(6) of the Act which were all replied by the loan creditors by furnishing all the details such as copies of the ITRs, audited balance sheets, bank statements, loan *confirmation etc.* as called for by the AO. However, the AO, by making casual remarks about money laundering and rejecting all the evidences, treated the same as unexplained cash credit and made the addition to the income<sup>3</sup> of the assessee on the basis of peak credit to the tune of Rs. 3.35 Crores u/s 68 of the Act. Besides the AO also disallowed the interest to the tune of Rs. 49,89,677/-.

4. In the appellate proceedings, the Ld. CIT(A) not only dismissed the appeal of the assessee but enhanced the addition to Rs. 4.60 Crores in

respect of unsecured loans taken by the assessee during the financial year as against the addition made by AO at Rs. 3.35 Crores on peak credit basis by observing that the assessee has not proved the three limbs of section 68 of the Act. The Id CIT(A) also noted that these companies were not having any creditworthiness as they have very meagre income and the source3s available are in the form of share capital/share premium raised by these companies. The Id. CIT(A) rejected the peak credit on the ground that it is not applicable to section 68 of the Act. However the Id CIT(A) reduced the interest disallowance from Rs. 49,89,677/- to Rs. 24,91,664/-.

5. After hearing the rival contentions and perusing the material on record, we find that the assessee has undisputedly raised unsecured loans from 18 parties aggregating to Rs. 4.60 Crores. We note that during the course of assessment proceedings, the assessee filed before the AO as well as the Ld. CIT(A) all the details and evidences as called for with respect to the loan creditors However both the authorities have decided the issue against the assessee. We note that the AO made the addition without doing any enquiry or investigation into evidences filed by the assessee. In our considered view , where the assessee has furnished all the evidences and even the loans creditors have furnished all the details as called for mbyn the AO , no addition u/s 68 of the Act can be made. The case of the assessee is squarely covered by the decision of jurisdictional High Court in the case of PCIT Vs. Sreeleather [448 ITR 332] dated 14.07.2022, wherein Hon'ble Court has held :

*'In the absence of any such finding, it is held that the order passed by the Assessing Officer was utterly perverse and rightly interfered by the Commissioner (Appeals). The Tribunal re-appreciated the factual position and agreed with the Commissioner (Appeals). The Tribunal apart from taking into consideration, the legal effect of the statement of AKA also took note of the fact that the notices which were issued by the Assessing Officer under section 133(6) to the lenders where duly acknowledged and all the lenders confirmed the loan transactions by filing the documents which were placed before the tribunal in the form of a paper book. These materials were available on the file of the Assessing Officer and there is no discussion on this aspect. Thus, the tribunal rightly dismissed the appeal filed by the revenue. [Para 5]'*

6. Similarly, the Ld. CIT(A) dismissed the appeal despite the fact that the assessee brought before the Ld. CIT(A) the evidences of repayment of these loans during the impugned financial year as well as in the subsequent financial year . The assessee has also furnished similar evidences before us and we find that the assessee has repaid these loans as claimed. In our opinion, once the loans are repaid and the assessee has placed all the evidences before the authorities below, then no addition u/s 68 of the Act can be made in respect of the amount of unsecured loans raised and repaid. The case of the 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 ld. AO and loans are also repaid then the same cannot be added u/s 68 of the Act. Similarly, the case 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 muchless substantial questions arises in this appeal. It stands meritless and accordingly dismissed.

7. Considering the facts of the assessee's case in the light of above decisions of the Hon'ble jurisdictional as well as Hon'ble Gujrat High Court , we are inclined to set aside the order passed by the ld. CIYT(A) and direct the AO to delete the addition of Rs. 3.35 Cr on account of loans raised as well as interest on these loans of Rs. 49,89,677/-. The of the assessee is allowed.

### **ITA No. 2128/Kol/2025**

8. Since the facts and issues involved in the appeal is identical, except difference in figures or calculations, therefore, our findings/directions given above in ITA No. 2127/Kol/2025 will, mutatis mutandis, apply to ITA No.2128/Kol/2025 as well. Consequently the appeal of the assessee is allowed.

9. In the result, the appeals of the assessee are allowed.

Order pronounced on 06.03.2026

Sd/-  
**Pradip Kumar Choubey)**  
**Judicial Member**

Sd/-  
**(Rajesh Kumar)**  
**Accountant Member**

Dated: 06.03.2026  
AK, Sr. P.S.

*Copy of the order forwarded to:*

1. Appellant
2. Respondent
3. Pr. CIT
4. CIT(A)
5. CIT(DR)

//True copy//

By order

Assistant Registrar, Kolkata Benches

