

IN THE INCOME TAX APPELLATE TRIBUNAL “F” BENCH, MUMBAI
BEFORE SHRI SAKTIJIT DEY, VICE PRESIDENT AND
SHRI MAKARAND VASANT MAHADEOKAR, ACCOUNTANT MEMBER

ITA No. 4820/Mum/2025
(Assessment Year: 2014-15)

ITO(W)-9(3)(1) 419, 4 th Floor, Aayakar Bhavan, Mumbai-400 020	Vs.	M/s. Forever Flourishing Finance & Investment Pvt. Ltd. 401/A Pearl Arcade, Opp. P. K. Jewellers, Dawood Baug Lane, Off. JP Road, Andheri (W), Mumbai-400 085
PAN/GIR No. AAACF 4311 Q		
(Revenue)	:	(Assessee)

CO No.: 292/Mum/2025
(Arising out of ITA No. 4820/Mum/2025)
(Assessment Year: 2014-15)

M/s. Forever Flourishing Finance & Investment Pvt. Ltd. 401/A Pearl Arcade, Opp. P. K. Jewellers, Dawood Baug Lane, Off. JP Road, Andheri (W), Mumbai-400 085	Vs.	ITO(W)-9(3)(1) 419, 4 th Floor, Aayakar Bhavan, Mumbai-400 020
PAN/GIR No. AAACF 4311 Q		
(Assessee)	:	(Revenue)

Assessee by	:	Shri Ajay Daga
Revenue by	:	Shri Nayanjyoti Nath – Sr. AR

Date of Hearing	:	12.03.2026
Date of Pronouncement	:	17.04.2026

ORDER

Per Saktijit Dey, Vice President:

Captioned appeal by the Revenue and cross objection of the assessee, arise out of order dated 23.05.2025 passed by National Faceless Appeal Centre (‘NFAC’ for short), Delhi for the assessment year (A.Y. for short) 2014-15.

2. The grounds raised by the Revenue basically pertain to the deletion of additions made u/s. 68 of the Income Tax Act, 1961 ('the Act' for short).
3. Briefly, the facts are, the assessee is a resident corporate entity stated to be engaged in the business of investing in shares and immovable properties. The assessee derives rental income, dividend and capital gains. For the assessment year under dispute, the assessee filed its return of income on 30.11.2014, declaring income of Rs.10,21,440/-.
4. Subsequently, the Assessing Officer ('A.O.' for short) received information that the assessee is one of the beneficiaries of accommodation entries through bogus loans. Based on such information, the A.O. proceeded to reopen the assessment u/s. 147 of the Act. In course of assessment proceeding, the A.O., on verification of the material on record, found that the assessee was having credit entries in his bank accounts amounting to Rs.1,93,00,000/- and the said credit entries were received from M/s Supriti Agency Pvt Ltd., whose name has been struck off in the register of companies as per information available in the website of Ministry of Corporate Affairs ('MCA' for short). Thus, called upon the assessee to prove the genuineness of the credit entries of Rs.1,93,00,000/-. In response to the query raised, the assessee submitted that in the financial year corresponding to the assessment year under dispute, the assessee had disposed of some of its investments in unquoted shares at par to M/s Supriti Agency Pvt Ltd., resulting in no gain or loss. It was explained that the credit entries appearing in the bank account relates to such transaction. In response to further query by the A.O., the assessee furnished more details relating to the transaction. However, the A.O. was not convinced with the submissions of the assessee. Ultimately, he concluded that since, the assessee did not prove the credit-

worthiness of the creditor and genuineness of the transaction to his satisfaction, the credit entries of Rs.1,93,00,000/- have to be treated as 'unexplained cash credit'.

5. Proceeding further, he found that in the year under consideration, the assessee had shown unsecured loan of Rs.11,81,50,000/- and share application money of Rs.79,50,000/- . Noticing these facts, the A.O. called upon the assessee to furnish the details of unsecured loans and share application money with confirmation, bank statement, copies of Income tax return and balance sheet of the concerned persons from whom money was received. In response to the queries raised by the A.O., the assessee furnished its reply on 28.02.2023. However, the A.O. was not convinced with the submissions of the assessee. From the materials on record, he observed that during the year, the assessee had availed unsecured loan from four parties, aggregating to Rs.2,39,00,000/-. Alleging that the lenders did not have sufficient source of income nor they had charged interest on loan advanced, the A.O. ultimately treated the unsecured loan received as non-genuine and added back by treating them as unexplained cash credit u/s. 68 of the Act.

6. The assessee contested the aforesaid addition by filing appeal before Id. First appellate authority. In course of appellate proceeding, the assessee furnished detailed submissions with supporting evidences. After considering the submissions of the assessee, in the context of the facts and materials on record, Id. first appellate authority found that the assessee had sold investments in unquoted shares amounting to Rs.1,93,00,000/- to M/s Supriti Agency Pvt Ltd. He found that the shares were held by the assessee since A.Ys. 2011-12, 2012-13 and 2013-14 and it has been reflected in the financial statements of the past years. He observed, the A.O. disbelieved assessee's claim of receipt of amount from M/s Supriti Agency Pvt Ltd. for the reason that the said company's name had been struck

off by ROC in 2017. Learned First appellate authority observed, without pointing out any deficiency in the evidences furnished by the assessee, the A.O. could not have treated the amount received as unexplained cash credit merely for the reason that the company's name was struck off some time in the year 2017. Accordingly, he deleted the addition.

7. So far as, the addition of Rs.2,39,00,000/- is concerned, he found that the reopening of assessment was made merely for verification of transaction. Whereas, the A.O. proceeded to enlarge the scope of reopening by looking into the genuineness of unsecured loan of Rs.2,39,00,000/- without having any fresh tangible materials in his possession. Even, otherwise also he found that to prove the genuineness of the transaction, the assessee had furnished complete details of the creditors including names, PAN number, bank statements, Income tax returns and financials. Thus, according to Id. First appellate authority, the assessee not only established the identity of the creditors, but also proved the creditworthiness and geniuses of the transaction. He observed, merely because the lenders had low income would not make the loan transactions as non-genuine without looking into their net worth and availability of fund.

8. Having considered rival contentions, we are of the firm view that the department has failed to controvert the aforesaid factual findings of Id. First appellate authority. Moreover, the materials on record suggests that insofar as the credit amount of Rs.2,39,00,000/- is concerned, the issue was thoroughly examined in course of original assessment proceedings u/s. 143(3) of the Act. The assessee had furnished all the documentary evidences relating to these transactions. After thoroughly verifying them and making independent enquiry, the A.O. completed the assessment u/s.143(3) of the Act accepting the transactions. Insofar as, the present reassessment proceedings are concerned

upon going through the assessment order, we have not found any independent enquiry being carried on by the A.O. to disprove assessee's claim regarding the identity and creditworthiness of the creditors as also genuineness of the transaction. Merely because in A.O.'s opinion the income returned by the creditors at a particular figure does not enable them to enter into such transactions, in our view, would not be enough to reject assessee's claim, unless sufficient material is brought on record by the department to discredit the documentary evidences furnished by the assessee. Thus, in our considered opinion, Id. First appellate authority was justified in deleting the additions. Grounds are dismissed.

9. In view of our decision in department's appeal, separately adjudication of the cross objection is not necessary as the issues have become academic. Accordingly, both the appeal and cross objection are dismissed.

10. In the result, the appeal by the department and cross objection by the assessee are dismissed.

Order pronounced in the open court on 17.04.2026

Sd/-

(Makarand V. Mahadeokar)
Accountant Member

Mumbai; Dated : 17.04.2026

Roshani, Sr. PS

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent
3. The CIT(A)
4. CIT - concerned
5. DR, ITAT, Mumbai
6. Guard File

Sd/-

(Saktijit Dey)
Vice President

BY ORDER,

(Dy./Asstt. Registrar)
ITAT, Mumbai