

**IN THE INCOME TAX APPELLATE TRIBUNAL**

**"F" BENCH, MUMBAI**

**BEFORE SHRI SANDEEP SINGH KARHAIL, JUDICIAL MEMBER**

**SHRI BIJAYANANDA PRUETH, ACCOUNTANT MEMBER**

**ITA No. 8514/Mum./2025**

**(Assessment Year : 2019-20)**

**Viking Technology & Trade Pvt. Ltd.,**

604-605, 6<sup>th</sup> Floor, Gateway Plaza,

Hiranandani Gardens, Powai,

Mumbai - 400076

PAN : AAACJ9535E

..... Appellant

v/s

**Deputy Commissioner of Income Tax,  
Central Circle – 2(2),**

804, 8<sup>th</sup> Floor, Old CGO Annex. Building,

M.K. Road, Marine Lines,

Mumbai – 400020

..... Respondent

Assessee by : Shri Rajiv Khandelwal (Virtually appeared)

Revenue by : Shri Rajesh Sakhardande, Sr. DR

Date of Hearing – 16/04/2026

Date of Order – 04/05/2026

**ORDER**

**PER SANDEEP SINGH KARHAIL, J.M.**

The assessee has filed the present appeal against the impugned order dated 25/11/2025, passed under section 250 of the Income Tax Act, 1961 ("*the Act*") by the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi, [*learned CIT(A)*], for the assessment year 2019-20.

2. In this appeal, the assessee has raised the following grounds: -

*"1. The learned Commissioner of Income-tax (Appeals)-NFAC (hereinafter referred as CIT(A)) has erred in making addition u/s. 68 of the Income Tax Act, 1961 amounting to Rs. 1,20,57,962/- without considering the facts and circumstances, of the case and settled position of law."*

3. The solitary grievance of the assessee is against the addition made under section 68 of the Act on account of unsecured loans.

4. The brief facts of the case pertaining to this issue, as emanating from the record, are: The assessee is a domestic company engaged in the business of manufacturing, distributing and trading of miscellaneous items. For the year under consideration, the assessee filed its return of income on 31/10/2019, declaring a loss of INR 25,31,920. On the basis of the information received during the search and seizure action that the assessee is a beneficiary of an accommodation entry transaction of bogus loans, notice under section 148 of the Act was issued to the assessee on 17/04/2023. During the reassessment proceedings, in response to the statutory notices, the assessee submitted computation, audited financials, details of unsecured loans and advances, trade payables, ledger of salary and wages, along with TDS payable for the year under consideration. During the reassessment proceedings, the assessee submitted the following details of unsecured loans along with its ledger for the year under consideration: -

<i>Particulars</i>	<i>Opening</i>	<i>Closing</i>
<i>Atharva Trademart Private Ltd.</i>	<i>10,00,000</i>	<i>10,00,000</i>
<i>AV Export</i>	<i>35,00,000</i>	<i>35,00,000</i>
<i>RK Export</i>	<i>60,00,000</i>	<i>60,00,000</i>
<i>JM Joshi (related party)</i>	<i>15,57,962</i>	<i>15,57,962</i>
<i>Total</i>	<i>1,20,57,962</i>	<i>1,20,57,962</i>

5. The assessee also produced the ledger account of each of the parties from whom loans were availed. On perusal of the ledger account, it was observed that the assessee availed unsecured loans on 01/04/2018 during the year under consideration. Also, it was noticed that the assessee neither repaid any part of the loan during the year nor paid any interest on the outstanding unsecured loan. Accordingly, notice was issued to the assessee to show cause as to why the unsecured loan, totalling INR 1,20,57,962, should not be considered as bogus and added to the total income of the assessee under section 68 of the Act in the absence of any documentary evidence to show the genuineness of the loan transaction. In response, the assessee submitted that Mr. J.M. Joshi is the father of the Director, who had granted the interest-free loan to the assessee for repayment to its creditors and for its day-to-day expenses. The assessee further submitted that M/s Atharva Trademart Private Limited, along with the assessee and M/s A.V. Export, had entered into a Memorandum of Understanding to set up a mouth freshener manufacturing unit in Silvassa, for which M/s Atharva Trademart Private Limited committed to invest INR 1.60 crore within a period of 6 months. However, M/s Atharva Trademart Private Limited managed an investment of only INR 45 lakh. It was submitted that, since the said investment was for a joint business venture, as a partner, no interest was payable on the same. As regards M/s R.K. Export, the assessee submitted that the Chartered Accountant who looked after the finances and accounting of the assessee company has left the company, and thus, sought an adjournment to submit the requisite details.

6. The Assessing Officer ("AO"), vide order dated 22/03/2025 passed under section 147 read with section 144B of the Act, disagreed with the submissions of the assessee and made an addition of INR 1,20,57,962 on account of unsecured loans received by the assessee from the aforementioned parties, by observing as follows: –

*"3.2.1. The assessee company has shown an amount of Rs. 60,00,000/- from M/s. R.K. Exports, Rs. 10,00,000/- received from M/s. Atharva Trademart Pvt. Ltd. and Rs.35,00,000/-received from M/s. A.V. Exports and Rs. 15,57,962/- from Shri J.M. Joshi all categorized as unsecured loans.*

*3.2.2 The company had taken an unsecured interest free unsecured loan of Rs.15,57,962/- from Shri J.M. Joshi, the relative of one of its Directors. In response to the show cause, the assessee company has submitted a copy of the account confirmation of Mr. J.M. Joshi, a copy of his PAN and a Copy of his ITR acknowledgement for the AY 2019-20 to establish the credibility and genuineness of the lender. But they have not produced a formal agreement detailing the loan amount, interest rate, tenure and repayment terms. They have also not submitted a copy of the bank account to show that the transfer has been effected through banking channels. Hence the unsecured interest free loans of Rs.15.57.962 remains unexplained and has escaped from taxation.*

*(Addition Rs. 15,57,962/-)*

*3.2.3. With regard to the amount of Rs. 60,00,000/- from M/s. R.K. Exports, the assessee has submitted that the Auditor who was looking after the finances and accounting has left the company and the assessee company needs some more days to locate the relevant documents and submit the relevant document of the transactions. As this is a time barring matter, this office was not in a position to grant the requisite adjournment to the assessee company. As the assessee company has failed to produce any bank statement and cash flow statement to evidence the unsecured loans and he has also failed to establish the credit worthiness of the lender and genuineness of the transaction the unsecured loan remains unexplained and has escaped from taxation.*

*(Addition Rs. 60,00,000/-)*

*3.2.4 With regard to the unsecured loans of Rs. 10,00,000/- from M/s. Atharva Trademart Pvt. Ltd. and Rs. 35,00,000/-from A.V. Exports one of their group entities Rs.35,00,000/- a total amount of Rs.45,00,000 was given to the assessee company with the intention of setting up a mouth freshner manufacturing unit at Silvassa. The assessee company has submitted a Memorandum of Understanding between the assessee company, M/s. Atharva Trademart Pvt. Ltd. alongwith its group entity M/s. A.V. Exports as a proof of the loan. According to the MOU, M/s. Atharva trade mart Pvt. Ltd. intended to join the venture at 40% partner in the said project and was committed to invest Rs. 1,60,00,000 within 6 months of the MOU. Mere submission of the Memorandum of Understanding between the companies could not substantiate*

*the loan transaction. The intention of the investment by the said party as envisaged in the MOU, does not in itself evidence a real transaction of loan. The genuineness of the transaction alongwith the intended purpose, execution of the purpose, through real transfer that are evidenced by the bank statements and the cash flow statements were not established by the assessee despite multiple opportunities given. The assessee has only submitted the ledger accounts of the three entities. He has not provided the copies of the ITRs of the lenders to substantiate their creditworthiness as well as the proof of genuineness of the transaction of unsecured loans. The onus to prove the creditworthiness of the transactions is on the assessee company. The assessee has not submitted any supporting documents to prove the credit worthiness of the lenders and the sources of funds of the unsecured loans remained unexplained. Hence an addition on unsecured loan of Rs. 45,00,000/- (Rs. 10,00,000/- from M/s. Atharva Trademart and Rs. 35,00,000/- from M/s. A.V. Exports).*

*(Addition : Rs. 45,00,000/-)*

*In view of the above, the sources for the sum of Rs. 15,57,962/- from Shri J.M. Joshi, Rs.35,00,000/- from M/s. A.V. Exports, Rs. 10,00,000 from M/s. Atharva Trade mart Pvt Ltd and Rs. 60,00,000/- from M/s. R.K. Exports remained unexplained and the aggregate sum of Rs.1,20,57,962/- for unsecured loans is treated as unexplained cash credits u/s. 68 of the Act."*

7. The learned CIT(A), vide impugned order, dismissed the appeal filed by the assessee and upheld the addition made by the AO under section 68 of the Act. Being aggrieved, the assessee is in appeal before us.

8. During the hearing, the learned Authorised Representative ("*learned AR*"), by referring to the extracts of the ledger account as reproduced on pages 6-7 of the assessment order, submitted that none of these loans was received by the assessee during the year under consideration. The learned AR submitted that no fresh loan was received by the assessee from the aforesaid four entities, and thus the opening and closing balances of the ledger account remained the same for all parties. In order to substantiate its submission, the learned AR, by way of additional evidence duly supported by an application seeking admission of additional evidence, placed on record the ledger accounts of all four entities from 01/04/2014 to 31/03/2019. The learned AR

also placed on record the bank account statement of the assessee maintained with the Axis Bank, in which all the loan amounts were received by the assessee. Accordingly, the learned AR submitted that since the loans were received by the assessee in the preceding years, no addition under section 68 can be made in the year under consideration.

9. On the other hand, the learned Departmental Representative ("*learned DR*") submitted that the additional evidences now placed on record on behalf of the assessee were not examined by any of the lower authorities, as for the first time the assessee has contended that none of these loans was received during the year under consideration.

10. We have considered the submissions of both sides and perused the material available on record. In the present case, it is evident that on the basis of the search and seizure action conducted at the third party, it was noticed that the assessee is a beneficiary of an accommodation entry transaction of bogus loans. Accordingly, proceedings under section 147 of the Act were initiated, and the details of unsecured loans were sought. It was noticed that the assessee had declared unsecured loans from four parties, namely Mr. J.M. Joshi, M/s Atharva Trademart Private Limited, M/s A.V. Export, and M/s R.K. Export. As the assessee could not prove the genuineness of the loan transaction and the creditworthiness of the loan creditors, the AO made an addition of INR 1,20,57,962 as unexplained cash credit under section 68 of the Act.

11. During the hearing before us, the learned AR, at the outset, submitted that none of the loans, which was added in the hands of the assessee, was received in the year under consideration and the relevant ledger extracts as reproduced by the AO in the assessment order also substantiate the same, as opening and closing balance in respect of each party is identical. In order to further support its submission, during the hearing, the learned AR also placed on record the relevant ledger accounts of all these four loan creditors from 01/04/2014 to 31/03/2013, along with the assessee's bank statement. Accordingly, the learned AR, by referring to each entry in the ledger accounts of these parties, submitted that the transaction of receipt and repayment of the loan did not occur in the year under consideration, and thus no addition can be made under section 68 of the Act.

12. Before proceeding further, it is relevant to note the provisions of section 68 of the Act, which are reproduced as follows: –

*"Cash credits.*

*68. Where any sum is found credited in the books of an assessee maintained for any previous year, and the assessee offers no explanation about the nature and source thereof or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the sum so credited may be charged to income-tax as the income of the assessee of that previous year :*

*Provided that where the assessee is a company (not being a company in which the public are substantially interested), and the sum so credited consists of share application money, share capital, share premium or any such amount by whatever name called, any explanation offered by such assessee-company shall be deemed to be not satisfactory, unless—*

*(a) the person, being a resident in whose name such credit is recorded in the books of such company also offers an explanation about the nature and source of such sum so credited; and*

*(b) such explanation in the opinion of the Assessing Officer aforesaid has been found to be satisfactory:*

*Provided further that nothing contained in the first proviso shall apply if the person, in whose name the sum referred to therein is recorded, is a venture capital fund or a venture capital company as referred to in clause (23FB) of section 10."*

13. From the plain reading of the provisions of section 68 of the Act, it is evident that where any sum is found credited in the books of an assessee maintained for any previous year, and the assessee offers no explanation about the nature and source thereof or the explanation offered by the assessee is not in the opinion of the AO satisfactory, the sum so credited shall be charged to income tax as income of the assessee of that previous year. Therefore, in the present case, it is relevant to determine whether the unsecured loan was credited in the books of the assessee in the year under consideration. As per the assessee, the loan amount, which was added to its hands under section 68 of the Act, is the opening balance of the year and was thus not received by the assessee in the year under consideration. On the contrary, as per the AO, the assessee availed unsecured loans from all four lenders on 01/04/2018 during the year under consideration. In order to substantiate its submissions, the assessee, by way of additional evidence, has placed on record the ledger accounts of the preceding years as well as the bank statements of the assessee to show that all the loans were received by the assessee in the preceding years and none of the payments was received in the year under consideration. Since this plea has been raised by the assessee for the first time before us, it is evident that none of these documents, which are relied upon by the assessee, were furnished before the lower authorities. Accordingly, the same have not been examined by any of the lower authorities. However, we are of the considered view that these

documents furnished as additional evidence are relevant for the adjudication of the issue at hand. Thus, we allow the application filed by the assessee seeking admission of the additional evidence.

14. Therefore, in the interest of justice and fair play, we restore this issue to the file of the jurisdictional AO for *de novo* adjudication after necessary examination and verification of all the documents as placed on record before us by the assessee in support of its submission that none of the loans was received by the assessee in the year under consideration. We further direct that if, upon examination of the documents/details, it is found that the loan was not received in the year under consideration, then the AO is directed to delete the addition made under section 68 of the Act in respect of the unsecured loan. Needless to mention, no order shall be passed without affording reasonable and adequate opportunity of hearing to the assessee. With the above directions, the impugned order is set aside, and the sole ground raised by the assessee is allowed for statistical purposes.

15. In the result, the appeal by the assessee is allowed for statistical purposes.

Order pronounced in the open Court on 04/05/2026

**Sd/-**  
**BIJAYANANDA PRUSETH**  
**ACCOUNTANT MEMBER**

**Sd/-**  
**SANDEEP SINGH KARHAIL**  
**JUDICIAL MEMBER**

**MUMBAI, DATED: 04/05/2026**  
*Prabhat*

Copy of the order forwarded to:

- (1) *The Assessee;*
- (2) *The Revenue;*
- (3) *The PCIT / CIT (Judicial);*
- (4) *The DR, ITAT, Mumbai; and*
- (5) *Guard file.*

By Order

Assistant Registrar  
ITAT, Mumbai