

आयकर अपीलिय अधिकरण, मुंबई पीठें, मुंबई
**INCOME TAX APPELLATE TRIBUNAL, MUMBAI,
MUMBAI-BENCH: D**

BEFORE SHRI NARENDER KUMAR CHOUDHRY, JUDICIAL MEMBER
AND
SHRI PRABHASH SHANKAR, ACCOUNTANT MEMBER

ITA 4213/MUM/2025		
निर्धारण वर्ष/Assmt. Year: 2017-18 Permanent Account Number: AAAFM2656C		
M/S. Mahendra Enterprise Firm R.N 29, 2 nd Floor, Hanuman Building 67, Mumbadevi Road, Pydhonie, Mumbai-400003, Maharashtra	Vs.	ACIT Circle -17(2) R.No. 116, 1 st Floor, Kautilya Bhavan, C-41 To C-43, G Block Bandra Kurla Complex, Bandra East, Mumbai-400051, Maharashtra
(अपीलार्थी Appellant)		(प्रत्यर्थी Respondent)
निर्धारिती द्वारा/Assessee represented by:		Dr. K. Shivram a/w Mr. Rahul Hakani
राजस्व द्वारा/Revenue represented by:		Shri Umashankar Prasad (CIT DR)
सुनवाई की तारीख / Date of conclusion of hearing:		26-Mar-2026
घोषणा की तारीख / Date of pronouncement:		11.05.2026

आदेश / ORDER

PER NARENDER KUMAR CHOUDHRY, JUDICIAL MEMBER:

This appeal has been preferred by the Assessee against the order dated 20.06.2025, impugned herein, passed by the National Faceless Appeal Center (NFAC)/ Ld. Commissioner of Income Tax (Appeals) (in short Ld. Commissioner) u/s 250 of the Income Tax Act, 1961 (in short 'the Act') for the A.Y. 2017-18.



2. In the instant case, the Assessee during the assessment year under consideration had taken a loan of **Rs. 50,00,000/-** from Smt. Smita M. Shah, which has also been confirmed by the lender. The Assessee admittedly, before the authorities below, has also filed documentary evidence to prove the identity and creditworthiness of the lender and genuineness of loan transaction. Further, it is also a fact that the Assessee not only proved the source of loan but also the source of source of loan. Further it is a fact that the Assessee subsequently repaid the loan amount along with the interest while deducting TDS and the interest expenses claimed has not been disputed by either of the authorities below and interest income has also been offered by the lender. Thus, considering the aforesaid factual aspects, specifically to the effect that the Assessee by producing the relevant documents *prima facie* discharged its onus cast u/s. 68 of the Act and by making repayment strengthen the genuineness of the transaction, as also held by Hon'ble Gujrat High Court in the case of **PCIT vs. Ambe Trade (P) Ltd. (2022) 145 taxmann.com 27 (Guj.)**, by holding *inter alia* as under:

"Where assessee took loan from two parties and furnished the requisite material showing identity of loan givers and repaid the loan in subsequent year, then no addition could be made on account of such loan"

3. According to the Hon'ble High Court, where the Assessee was not a beneficiary of the loan received by it and the loan was repaid by the Assessee in the subsequent year, then it led to unacceptable conclusion that the impugned transaction was a business transaction between the Assessee and the loan parties and therefore the loan could not be doubted for its genuineness.

4. We further observe that the Hon'ble Gujrat High Court in the case of **Deputy Commissioner of Income-tax vs. Rohini Builders [2003] 127 Taxman 523 (Gujarat) [19-03-2001]**, has also held on the similar footing, as held in the case of **Ambe Trade Corp (P) Ltd. (supra)**.



5. Thus, on the aforesaid analyzations, the addition of **Rs. 50,00,000/-** being unexplained credit u/s. 68 of the Act made by the AO vide assessment order dated 30.12.2019 u/s. 143(3) of the Act and sustained by the learned Commissioner vide impugned order under consideration, is unsustainable and **therefore the same is deleted.**

6. In the result, appeal filed by the Assessee is allowed.

Order pronounced in open Court on 11.05.2026

Sd/-
PRABHASH SHANKAR
ACCOUNTANT MEMBER

Sd/-
NARENDER KUMAR CHOUDHRY
JUDICIAL MEMBER

Mumbai; Dated: 11.05.2026
Karishma J. Pawar, SR. PS

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1	M/S. MAHENDRA ENTERPRISE FIRM , R.N 29, 2ND FLOOR, HANUMAN BUILDING 67, MUMBADEVI ROAD, PYDHONIE,, MUMBAI-400003, MAHARASHTRA
2	ACIT CIRCLE -17(2), R.NO. 116 1ST FLOOR, KAUTILYA BHAVAN, C-41 TO C-43 G BLOCK BANDRA KURLA COMPLEX BANDRA EAST, MUMBAI-400051, MAHARASHTRA
3	THE PCIT / CIT,
4	THE D.R., ITAT, MUMBAI BENCH
5	GUARD FILE

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