

**IN THE INCOME TAX APPELLATE TRIBUNAL,
DELHIBENCH, 'C': NEW DELHI
BEFORE:
S RIFAUH RAHMAN, ACCOUNTANT MEMBER
SUNIL KUMAR SINGH, JUDICIAL MEMBER
ITA No.2400/Del/2026
Assessment Year: 2020-21**

ACIT, Central Circle-25, Room No. 317, 3 rd Floor ARA Centre, Jhandewalan Extension, Delhi-110055	Vs.	Kiara Realtors Pvt Ltd, 517, 5 th Floor, D Mall, Paschim Vihar, Jawala heri, Delhi-110063
PAN:AAECK3764E		
(Appellant)		(Respondent)

Assessee by	Ms. Rano Jain, Adv. & Ms. Mansi Jain, Adv.
Department by	Sh. Vikram Singh Sharma, CIT (DR)

Date of hearing	01.07.2026
Date of pronouncement	18.08.2026

ORDER

PER:SUNIL KUMAR SINGH, JUDICIAL MEMBER

This appeal is directed against the impugned order dated 28.11.2025 passed in appeal No CIT(A), Delhi- 29/10790/2019-20 by the Id. Commissioner of Income Tax (Appeals), Delhi (hereinafter referred to as the "CIT(A) u/s. 250 of the Income Tax Act, 1961 (hereinafter referred to as the "Act") for the A.Y. 2020-21, wherein Id CIT(A) has allowed assessee's first appeal and deleted all six additions made by the assessing officer.

2.(i) The brief facts of the case are that the assessee e-filed its return of income for A.Y. 2020-21 on 22.01.2021, declaring total income at nil. A search action u/s 132 of the Act was conducted at Galaxy Group, Shri Deepak Agarwal (entry provider) and Shri Himanshu Verma (entry provider) on 17.11.2021. It was gathered that Shri Deepak Agarwal and Shri Himanshu Verma were involved in providing various types of accommodation entries to large number of beneficiaries through various paper companies managed and controlled by them in lieu of commission. The accommodation entries were being provided by them in the form of unsecured loans, share capital, share premium, purchase and sales etc. Assessee was found one of the beneficiaries of the accommodation entries from the non-descript entities. Documents seized during the search contained information showing that the assessee has obtained accommodation entry amounting to Rs. 80,00,000/- from one of such entity M/s LVS Financial Services Pvt Ltd. and amounting to Rs. 67,00,000/- from another entity, M/s Highrise Securities and Trading Pvt Ltd. controlled and managed by Shri Himanshu Verma.

(ii). After obtaining approval from the competent authority, notice u/s 148 of the Act was issued on 16.03.2024. Assessee filed return in response thereof on 25.11.2024, declaring total income at nil. Statutory

notices u/s 143(2) and 142(1) of the Act were issued and served upon the assessee, asking details of aforesaid transaction amounting to Rs. 1,47,00,000/-(80,00,000+67,00,000), during the year under consideration. Assessee submitted that he had taken unsecured loan of Rs. 80,00,000/- from M/s LVS Financial Services Pvt Ltd. and Rs. 67,00,000/- from M/s Highrise Securities and trading Pvt Ltd. Assessee further submitted confirmation and acknowledgement of above mentioned two entities.

(iii). On the basis of the report of the investigation wing, assessing officer found that 158 non descript companies were managed and controlled by Shri Deepak Agarwal and 162 non descript companies (inclusive of above two entities) were found to be controlled and managed by Shri Himanshu Verma and thus added Rs. 1,47,00,000/- in the total income of the assessee u/s 68 r.w.s 115 of the Act. The amount of Rs. 4,41,000/- (3% of 1,47,00,000/-) was added as commission on the above said sum u/s 69C r.w.s 115BBE of the Act. Interest expenses of Rs. 5,93,432/- was added on the above said sum by treating the same as bogus loan u/s 69C r.w.s 115BBE of the Act. That apart, investment of Rs. 1,17,68,016/- in the property was also treated as unexplained investment of assessee and added u/s 69 of the Act. Long term capital gain of Rs. 25,45,660/- on account of sale of

agriculture land was also added u/s 48 of the Act for want of certificate of any competent authority. Further unsecured loan of Rs. 50,00,000/- taken from M/s Amarendra Financial Pvt Ltd. was also treated as unexplained credit in the books of assessee and added u/s 68 of the Act in the total income of the assessee, thus, determining total income of the assessee at Rs. 3,50,48,110/-, vide, assessment order dated 06.03.2025 passed u/s 147 of the Act.

3. Aggrieved, assessee preferred an appeal before Id CIT(A) against the additions made by the assessing officer. Ld CIT(A), after appreciating the entire documentary evidence on record, deleted all the six additions made by the assessing officer.

4. Aggrieved, revenue has preferred this second appeal on the following grounds:

“a. The Ld. CIT(A) has not appreciated the fact that the subject Sh. Himanshu Verma is habitual entry provider and willfully involved in the syndicate for organized accommodation entries through there associated entities including M/s LVS Financial Services Private Limited, M/s Highrise Securities and Trading Private Limited since long ago despite of many search proceedings conducted on him.

b. The Ld. CIT(A) has not appreciated the fact that the Non-descript entities M/s LVS Financial Services Private Limited, M/s Highrise Securities and Trading Private Limited involved with Sh. Himanshu Verma give non genuine transaction, on account of accommodation entries in the form of bogus loan/purchase/sales, which were given/taken in so a sophisticated manner with taking care of each step to give the image of legal transaction by utilizing web of bank accounts in different banks as well as books of accounts in respective entities.

c. The Ld. CIT(A) has not appreciated the fact that the existence of these entities as well as genuine business activities at the address could not be established.

d. The Id. CIT(A) erred in ignoring the substantive evidence collected by the Department and in holding that absence of AOs independent enquiry invalidated the addition. Departmental information, corroborated by sworn statements, is credible material and cannot be brushed aside.

e. The Ld. CIT(A) has not appreciated the fact that the genuineness of the loan from these non descript entities are not established hence, the deletion of addition on account of the acquisition of property situated in Village Patoda, District Jhajjar(Haryana), is not justifiable as the source of the fund for acquisition of property remained still unexplained.

f. The Ld. CIT(A) is not justified in deleting the addition of Rs.25,45,660/- u/s 48 of the 1.T. Act, 1961 despite of the fact that the assessee failed to discharge its onus to establish the land used as "Agriculture land" even the agriculture produced from the land/bazzar/beilty/kharid brought on record by the assessee.

g. The Ld. CIT(A) is not justified in deleting the addition of Rs.50,00,000/- u/s 68 of the 1.T. Act, 1961 despite of the fact that the creditworthiness of the entity M/s Amrendra Financial Private Limited has not been established as the entity has security premium reserve of Rs. 86,94,67,500/- and the short term loan given is Rs. 89,37,89,131/-. Further the bank statement has not supported the fact of credit of Rs. 50,00,000/-.

h. That the order of the CIT (A) is perverse, erroneous and is not tenable on facts and in law.

i. The grounds of appeal are without prejudice to each other.

j. That the appellant craves to add, amend, after or modify any grounds of appeal at the time of hearing."

5. Perused the records. Heard Id CIT (DR) for the appellant revenue and Id authorized representatives for the respondent assessee.

6. On the basis of the grounds raised hereinabove, the main point for determination under appeal is as to whether Id CIT(Appeals) has erred in deleting the amount of Rs. 1,47,00,000/- as unexplained loan added u/s 68 r.w.s. 115BBE of the Act, Rs. 4,41,000/- as 3% commission of Rs. 1,47,00,000/-, added u/s 69Cr.w.s. 115BBE of the

Act, Rs.5,93,432/- as interest expenses added u/s 69Cr.w.s. 115BBE of the Act, Rs. 1,17,68,016/- as capital gain on the sale of agriculture land added u/s 69 of the Act, Rs. 25,45,660/- as long term capital gain added u/s 48 of the Act and Rs. 50,00,000/- as unexplained credit added u/s 68 of the Act, thus, determining the total income of the assessee at Rs. 3,50,48,110/-.

7. Ld CIT (DR) for the appellant revenue has submitted that Mr. Himanshu Verma is a habitual accommodation entry provider and heavily involved in the syndicate for organized accommodation entries through various entities including M/s LVS Financial Services Pvt Ltd. and M/s Highrise Securities and Trading Pvt Ltd. since long from whom the said bogus loan was transacted. The genuineness and credit worthiness of these entities was not established. Further submitting that Id CIT(A) ignored the fact that assessee failed to prove the land use as agriculture land. Ld DR, thus, supports the assessment order, praying to set aside the impugned order and allow revenue's appeal.

8. Ld representative for the respondent assessee has submitted that all the transactions in dispute were supported with the cogent documentary evidence. Ld assessing officer has based the entire findings merely on the observation of the investigation report that assessee's lender entities were controlled by the said accommodation

entry provider Mr. Himanshu Verma. The report of investigation wing could only be used to trigger the reassessment u/s 147 of the Act, however, Id assessing officer has made the entire additions merely on the basis of the investigation report, which was merely indicative, thus, ignored the entire evidence produced by the assessee, which proved the each transaction in dispute. Ld AR submits that Id CIT(A) has rightly appreciated the cogent evidence submitted on behalf of the assessee. Ld AR, thus, prays to confirm the impugned order and dismiss revenue's appeal.

9. After having gone through the entire record at our disposal, we find that the assessing officer has made six additions in the total income of the assessee on different counts. At first, we shall deal with the deletion of Rs. 1,47,00,000/- added by the assessing officer as unexplained loan u/s 68 r.w.s 115BBE of the Act. This addition is in two parts, the part addition of Rs. 80,00,000/- is related to the sum received from M/s LVS Financial Services Pvt Ltd.(LVS) and Rs. 67,00,000/- is related to the sum received from M/s Highrise Securities and Trading Pvt Ltd.(HSTPL). It is pertinent to mention that assessee has filed paper book in two volumes containing entire documentary evidences, which were produced before the assessing officer and Id CIT(A) as well. Volume-1 of assessee's paper book contains 186 pages and

Volume-2 contains 317 pages, all in support of identity, genuineness and credit worthiness of entire transactions during the year under consideration.

10. It is true that according to the department's investigation report, Shri Himanshu Verma and Shri Deepak Agarwal were found to be providing accommodation entries to various entities in lieu of commission. However, in the case in hand, the assessee submitted copy of loan sanction letters and relevant loan agreements, audited financials of lender companies, copy of ITR, bank statements of appellant company and lender companies, confirmation of accounts, registration of loan companies with MCA showing active status, RBI registration certificate seeking details of lenders for working as NBFCs and the copy of TDS certificate for interest payments. The assessing officer does not seem to have taken any pain to discuss any of these documents on merit independently.

11. After appreciating the finances of both the lending companies, Id CIT(A) has observed that it is easily ascertainable that these companies are NBFCs regulated by RBI and are declaring profit of more than Rs. 44,00,000/- and Rs. 67,00,000/- respectively in the relevant financial year. These active lending companies are also filing their statutory forms to MCA, which is a regulator of all companies and

have sufficient capital and reserves. Both the lending companies are regular tax payers and declaring substantial profits in the return of income for the relevant assessment year. According to the financials of the lending companies, they have shown interest income in their profit and loss accounts. The said two loans were interest bearing and were duly paid by appellant after deduction of TDS substantiating the bonfire nature of the transaction. Undisputedly, the entire transaction were routed through banking channels only. Ld CIT(A) has rightly observed that the assessee has satisfied the test of identity, credit worthiness and genuineness of the loan of Rs. 1,47,00,000/- availed from the aforesaid two entities which are NBFCs and the said loans have been paid through banking channels subsequently. Ld CIT(A) has thus rightly deleted the aforesaid addition of Rs. 1,47,00,000/- by impugned order.

12. The second addition of Rs. 4,41,000/- made on account of 3% commission on the said sum of Rs. 1,47,00,000/- and the third addition of interest of Rs. 5,93,432/- paid to the lender on account of aforesaid loans, were merely consequential to the addition of aforesaid sum. Ld CIT(A) has thus rightly deleted these consequential additions.

13. The fourth addition of Rs. 1,17,68,016/- was made by the assessing officer on account of investment in the five different

properties and situated at Vill-Patoda, Dist-Jhajjar, Haryana by invoking section 69 of the Act. It appears from the perusal of records that the assessee company is in the business of real estate. It purchased multiple parcels of agricultural land during the relevant periods in aggregating to Rs. 1,17,68,016/-. All purchases were made through registered sale deeds and payments were made through account payee cheques and verifiable banking channels. The source of funds include business receipts, capital contributions and loan proceeds from M/s LVS and M/s HSTPL. The corroborating documentary evidence, such as ledger accounts, bank statements, sanction letters, loan agreements and sale deeds were found to have established the trail of funds and ownership. The appellant has, thus, demonstrated the legitimate source of funds for the acquisition of the above said property. The deletion of Rs. 1,17,68,016/- by Id CIT(A) is, thus, sustainable.

14. The fifth addition of Rs. 25,45,660/- made u/s 48 of the Act on account of capital gains on the sale of land, the appellant's contention before the assessing officer was that the land is also qualified as agricultural land under Income Tax Act and the land held and used for farming purpose was exempt from capital gains tax. Perusal of records show that the appellant assessee submitted an application addressed

to the Tehsildar, seeking the distance from Market Committee 'Jhajjar' to 'Patoda'. This application is at page 296 of assessee's paper book. The Tehsildar-Jhajjar endorsed on its face on 20.11.2019 as under "Patwari(Halka) for necessary action according to the rules."The concerned Patwari endorsed his report the very same day on the application itself, indicating that the said property is at a distance of 25 kms from the Jhajjar Municipality. The copy of sale deed also reflects the land as agricultural land. Ld CIT(A)'s order of deletion of the said capital gain by observing that the appellant's claim regarding transfer of land, not being a capital asset u/s 2(14)(iii) of the Act is sustainable.

15. The last and sixth addition of Rs. 50,00,000/- was made by the assessing officer by treating the loan of Rs. 50,00,000/- received by the assessee from M/s Amarendra Financial Pvt Ltd. as unexplained credit. The lender company is an NBFC duly registered with RBI. The interest bearing business loan of Rs. 50,00,000/- was availed by assessee from the NBFC through banking channels on 07.01.2020 and repayment of the loan along with an interest, aggregating to Rs. 58,57,910/- was subsequently made in F.Y. 2021-22. The bonfire nature of the transactions thus proved and the deletion of this loan amount of Rs. 50,00,000/-by Id CIT(A) is also sustainable.

16. The aforesaid discussion goes to show that Id CIT(A) has not left any stone unturned in arriving at its conclusion after evaluating the evidence on record independently without being affected by the investigation wing's generalized report. The impugned order is further supported with the well established principles of law. The impugned order is thus sustained. The aforesaid point is accordingly determined in negative against the appellant revenue and in favour of the respondent assessee. The appeal is liable to be dismissed.

17. In the result, the revenue's appeal is dismissed.

Order pronounced in the Open Court on- 18.08.2026

**Sd/-
(S RIFAUR RAHMAN)
ACCOUNTANT MEMBER**

**Sd/-
(SUNIL KUMAR SINGH)
JUDICIAL MEMBER**

Dated: 18.08.2026

*Aamir, PS

Copy forwarded to:

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

Asst. Registrar, ITAT, Agra