

**IN THE INCOME TAX APPELLATE TRIBUNAL, DELHI 'F' BENCH,
NEW DELHI**

**BEFORE SHRI YOGESH KUMAR US, JUDICIAL MEMBER, AND
SHRI NAVEEN CHANDRA, ACCOUNTANT MEMBER**

ITA No.1583/DEL/2020[A.Y 2014-15]

**M/s Singla Realtors Ltd
B-40, Madhu Vihar
Gali No. 15, I.P. Estate, Delhi**

Vs.

**The I.T.O
Ward - 23(4)
Delhi**

PAN: AAGCS 4261 E

(Applicant)

(Respondent)

**Assessee By : Shri Pranshu Singhal, CA
Shri Ashu Jain, Adv
Department By :Ms. Harpreet Kaur Hansra, Sr. DR**

**Date of Hearing : 17.12.2025
Date of Pronouncement : 11.02.2026**

ORDER

PER NAVEEN CHANDRA, ACCOUNTANT MEMBER:-

This appeal by the assessee is preferred against the order of the CIT(A)- 8, Delhi dated 14.01.2020 pertaining to A.Y 2014-15.

2. The grievances of the assessee read as under:

**"On the facts and in the circumstances of the case and in law the
CIT(A) was incorrect and unjustified:**

- i) In confirming the disallowance of Rs 16,66,640/- on account of expenses u/s 37.
- ii) In confirming the addition of Rs 16,66,640/- on account of bogus purchases whereas the assessing officer had disallowed the amount u/s 37.
- iii) In confirming the addition of Rs 92,72,000/- incorrectly and unjustifiably made by the assessing officer u/s 68 of the IT Act in the account of Shiv Shakti Realtors Pvt Ltd and the CIT(A) also further erred in confirming such addition without finding the confirmations incorrect.
- iv) In confirming the addition of Rs 20,00,000/- in the account of Naveen Agarwal/Archita incorrectly and unjustifiably made by the assessing officer u/s 68.
- v) In confirming the addition of Rs 28,00,000/- u/s 68 in the account of Mrs Poonam Chawla on the basis of suspicion and also ignoring the evidences filed in support of the genuineness of the credit.
- vi) In confirming the addition of Rs 20,00,000/- u/s 68 in the account of Sheetal Gupta on the basis of suspicion and also without finding the evidences filed as incorrect and wrong.
- vii) In confirming the addition of Rs 1,00,000/- made by the assessing officer u/s 68 in the account of Mrs T. Poonam.
- viii) In confirming the disallowance of expenses of Rs 1,93,690/- u/s 37 without any reason, basis or evidences

**and also further erred in confirming this disallowance on
adhoc basis.”**

3. Ground Nos. 1 and 2 pertain to the addition on account of expenses of Rs. 16,66,640/-.

4. Brief facts are that during the year under consideration, the assessee was engaged in the business of real estate and construction. The company engages security guards on salary basis for the purpose of maintaining and safeguarding its properties.

5. The assessee claimed an expense of Rs 20,07,400/- towards purchase of construction material. During the course of assessment proceedings, the assessee had submitted sample vouchers of Rs. 3,40,760/- only which was allowed by the Assessing Officer and remaining expenses were disallowed. Further the assessee claimed an expense of Rs 6,45,632/- towards travelling out of which the AO disallowed Rs 1,93,690/- in absence of primary details. Aggrieved, the assessee went in appeal before the ld. CIT(A) who disallowed the same u/s 37 of the Act.

6. Now the assessee is in appeal before us.

7. Before us, the ld. counsel for the assessee vehemently stated that

the company had purchased construction material for which material purchase details were submitted before the Assessing Officer as well as before the CIT(A), including vendor names, addresses, voucher numbers, dates, and amounting to Rs. 20,07,400/-. The Assessing Officer did not raise any further queries nor conducted any verification with the creditors, which clearly establishes the acceptability of the expenses incurred. The said expenses are wholly and exclusively incurred for the purpose of business and are necessary to maintain the properties in proper and usable condition. The Assessing Officer has not even doubted or rejected the books of accounts. Accordingly, the ld. counsel for the assessee requested to restrict the disallowance at an adhoc rate of 20%.

8. Per contra, the ld. DR relied on the orders of the authorities below.

10. We have heard the rival submissions and have perused the relevant material on record. We find that the assessee did not submit the complete details of purchase of construction materials or travelling expense. On the other hand, the AO did not completely believe the explanation of the assessee and disallowed the entire expenses. We find that neither the assessee's nor the AO explanation can be completely invalidated and there is some element of justification on

each side. In the interest of justice therefore, we are of the considered view that 20% of the balance unsubstantiated expense claimed on account of building materials and 20% of the travelling expense be disallowed. The grounds i), ii) and viii) are partly allowed.

11. Grounds Nos iii) to vii) taken together pertain to the addition on account of unsecured loans of Rs. 1,61,72,000/-. Brief facts related to this issue are that the assessee had taken unsecured loans from 5 parties. After conducting an independent enquiries, the Assessing Officer made addition of Rs. 1,69,72,000/- in respect of all five parties doubting the source of source of loan transactions. Aggrieved, the assessee went in appeal before the ld. CIT(A) who confirmed the addition of Rs 1,62,72,000/- out of Rs. 1,69,72,000/-.

12. Aggrieved, the assessee is in appeal before us.

13. Before us, the ld. counsel for the assessee vehemently stated that the Assessing Officer observed that the assessee had taken unsecured loans from 5 parties for which various documentary evidences were submitted establishing the three parameters under section 68 of the Act i.e. the identity and creditworthiness of the lenders and genuineness of the loan transactions. Further the said parties have confirmed the loan transaction by filing replies u/s 133(6) of the Act and this fact has been duly accepted by the Assessing

Officer in the assessment order. Furthermore, the loans were repaid either in the year itself or in the subsequent years.

14. It is the say of the ld AR that even after conducting an independent enquiry, the Assessing Officer made addition in respect of all five parties doubting the source of source of loan transactions, despite the fact that the requirement of explaining the source of source was applicable from A.Y 2023-24 and onwards.

15. Per contra, the ld. DR relied on the orders of the authorities below.

16. We have heard the rival submissions and have perused the relevant material on record. We find that the assessee had taken loan from the following parties:-

a) M/s Shiv Shakti Realtors Pvt. Ltd.	92,72,000/-
b) Mr. Naveen Aggarwal/Archita	20,00,000/-
c) Ms. Poonam Chawla	28,00,000/-
d) Ms. Sheetal Gupta	28,00,000/-
e) Mr. T. Parveen	1,00,000/-
Total	1,69,72,000/-

17. The AO has added the same u/s 68 of the Act mainly on the ground that source of source is not proved. We find that the assessee has submitted documentary evidences to support the identity, creditworthiness and genuineness of the loan from the said parties such as Copy of ITR; Copy of computation of income; Copy of balance

sheet; Copy of confirmation; Copy of bank statement of each lender which have not been questioned by the AO. We find that the AO has examined the bank statements of each lender and found that the loans are extended through banking channels and no cash is involved. Further, the lenders have also confirmed the loan transaction by filing reply to notice u/s 133(6) of the Act and the AO has not pointed out any discrepancy in the same. Though repayment of loans is not conclusive evidence of genuineness of loans, all the said lenders have repaid the loans in subsequent years. In one case of loan from T Praveen, the said loan was offered for taxation in subsequent year due to death of T Praveen. We are also in agreement with the assessee that the law of explaining the source of source was not available during the impugned AY 2014-15. In view of the discussion above, we are of the considered view that the additions made u/s 68 is uncalled for and the same is therefore directed to be deleted. Ground Nos. iii) to vii) are accordingly allowed.

18. In the result, appeal of the assessee in ITA No. 1583/DEL/2020 is partly allowed.

The order is pronounced in the open court on 11.02.2026.

-Sd/-
[YOGESH KUMAR U.S.]
JUDICIAL MEMBER

-Sd/-
[NAVEEN CHANDRA]
ACCOUNTANT MEMBER