

IN THE INCOME TAX APPELLATE TRIBUNAL  
MUMBAI BENCHES "D", MUMBAI

Before Justice (Retd.) C V Bhadang, Hon'ble President &  
Shri B R Baskaran, Hon'ble Accountant Member

ITA No. 2020/Mum/2024  
(Assessment Years : 2015-16)

ITO Circle 1(2)(3), Mumbai.	Vs.	Masumi Overseas Private Limited, Office No.8, Banu Mansion, Nadir Shah Sukhiya Road, D N Road, Mumbai 400 001.  PAN : AAECM4835C
(Appellant)		(Respondent)

Appellant By : Shri R R Makwana, Sr DR  
Respondent By : Shri Tejveer Singh

Date of Hearing : 03.12.2024	Date of Pronouncement: 03.12.2024
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**ORDER**

**Per Justice (Retd.) C V Bhadang, President:**

By this appeal, Revenue is challenging the order dated 22.02.2024 passed by National Faceless Appeal Centre (NFAC), Delhi. The appeal pertains to Assessment Year 2015-16. By the impugned order First Appellate Authority has deleted the addition of Rs.4,78,00,000/- made by the Assessing Officer (AO) under Section 69 of the Income Tax Act, 1961 ('Act' for short) as unexplained investment.

2. The respondent assessee is a private limited company and has not filed any Return of Income (RoI) for Assessment Year 2015-16. As per the AIR information, it was noted that, apart from having certain income,

respondent had purchased immovable property for Rs.4,78,00,000/-. In such circumstances, the Assessing Officer reopened the assessment by issuing a notice under Section 148 of the said Act on 30.03.2021. In response thereto, respondent did not file any RoI but submitted statement of computation of income offering total amount of Rs.1,70,71,590/- as income comprising of profits and gains from business (Rs.1,22,10,248/-) and income from other sources (Rs.48,61,342/-). Subsequently, notice under Section 142(1) of the said Act came to be issued to which respondent replied. The Assessing Officer noticed that the assessee had purchased immovable property for Rs.4,78,00,000/- which investment has not been explained. The Assessing Officer vide order dated 30.03.2022 made an addition of Rs.4,78,00,000/- under Section 69 of the said Act, which was challenged by the respondent before the CIT(A).

3. The CIT(A), in the impugned order, has observed that the respondent had furnished computation of total income, Balance sheet, Profit & Loss account, bank statement and audit report. The CIT(A) has observed that once the Assessing Officer had accepted the profit and gains as declared in the Profit and Loss account and bank account statements reflecting the source of investments, the Assessing Officer could not have made addition of Rs.4,78,00,000/- as unexplained investment under Section 69 of the said Act. In that view of the matter, the appeal filed by respondent came to be allowed, which is the subject matter of challenge at the instance of the Revenue.

4. We have heard the learned AR and the learned DR. With the assistance of the parties, we have gone through the record and the impugned orders.

5. It is submitted by the learned DR that the learned CIT(A) was not justified in deleting the addition merely on the basis of first page of Balance sheet and Profit & Loss account submitted during the assessment proceedings. It is submitted that the learned CIT(A) ought to have noticed that the respondent-assessee was a non-filer and had not uploaded Audit report. As such, the correctness and genuineness of the Profit & Loss account and Balance Sheet could not be verified. It is submitted that even the Balance Sheet and Profit & Loss account do not explain the source of funds for the investment as there were inconsistencies in the figures appearing in the first page of the Balance Sheet and the Profit & Loss account. He, therefore, submitted that the CIT(A) was in error in allowing the appeal.

6. The learned AR for the respondent has taken us through the impugned order passed by the learned CIT(A) in order to point out that the Audit report was indeed filed alongwith the Profit & Loss account, Balance Sheet and the bank statements. He submitted that the Assessing Officer having accepted the profits and gains declared in the Profit & Loss account ought to have accepted the investments as being properly explained and as reflected in the Balance Sheet.

7. We have considered the submissions made. A perusal of para 2.4 of the impugned order shows that in pursuance to the notice issued by the Assessing Officer, the respondent had furnished the Profit & Loss account, Bank statements and Audit report. Thus, the contention of the appellant that the Audit report was not filed cannot be accepted. The appellant had made an attempt to explain the investments out of sufficient capital and reserves and had also furnished copy of payment schedule for purchases of said property including copies of bank account of Kotak Mahindra Bank. The property which has been purchased has been reflected in the Balance sheet

under the Fixed Asset Schedule. The learned CIT(A) taking note of this fact has found that the Assessing Officer had accepted the profits and gains as declared in the Profit & Loss account and thus was not justified in refusing to accept the source of investment, including the bank entries of Kotak Mahindra Bank. The learned CIT(A) has reproduced the statement of computation of income in para 7 and has found, and in our view rightly so, that the respondent had sufficient source to explain the investment. In that view of the matter, no exception can be taken to the impugned order.

7. The appeal is without any merit and is accordingly dismissed.

Order pronounced in the open court on 3<sup>rd</sup> December, 2024.

Sd/-

[B R Baskaran]  
ACCOUNTANT MEMBER

Mumbai, Dated : 3<sup>rd</sup> December, 2024.  
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Sd/-

[Justice (Retd.) C V Bhadang]  
PRESIDENT

**Copy of the Order forwarded to :**

1. The Appellant.
2. The Respondent.
3. The PCIT, Mumbai.
4. The CIT
5. The DR, 'D' Bench, ITAT, Mumbai

BY ORDER

//True Copy//

(Assistant Registrar)  
Income Tax Appellate Tribunal, Mumbai