

IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCH "F", MUMBAI

**BEFORE SHRI NARENDRA KUMAR BILLAIYA, ACCOUNTANT MEMBER AND
SHRI ANIKESH BANERJEE, JUDICIAL MEMBER**

**ITA No. 3486/Mum/2025
(Assessment year: 2016-17)**

Shree Salasar Investments Limited, 1111-A, Raheja Chambers, 12 th Floor, Nariman Point, Mumbai- 400 021 PAN: AACCS6412G	vs	Income-tax Officer-Ward 3(3)(2), Aayakar Bhavan, M.K.Road, Mumbai-400 020
APPELLANT		RESPONDENT

Assessee by : Shri Ravikant Pathak, C.A.
Respondent by : Ms. Kavitha Kaushik (SR DR)

Date of hearing : 01/09/2025
Date of pronouncement : 03/09/2025

ORDER

Per Anikesh Banerjee (JM):

The instant appeal of the assessee filed against the order of the National Faceless Appeal Centre (NFAC), Delhi [for brevity, 'Ld.CIT(A)'] passed under section 250 of the Income-tax Act, 1961 (in short, 'the Act') for the Assessment Year 2016-17, date of order 15/03/2025. The impugned order emanated from the order of the Learned Income-tax Officer, Wared-3(3)(2), Mumbai, (in short, the "Ld. AO") passed under section 143(3) of the Act, date of order 22/12/2018.

2. The assessee has taken the following grounds of appeal:-

“1.1 The Commissioner of Income Tax (Appeals), National Faceless Appeal Centre [CIT(A)] erred in confirming the action of the AO in making the addition under section 68 of the Income Tax Act, 1961 (Act) to the extent of Rs. 7,30,000/- being share capital received by the Appellant tabulated below for the reason that the creditworthiness of the parties to the extent of addition confirmed by CIT(A) have not been proved by the Appellant:

1.2 The CIT(A) erred in confirming the above addition, without appreciating that out of total addition made u/s 68 of the Act for Rs. 63,30,000/- by the AO for the subjected year, an amount of 15,82,500/- has been received in the immediately preceding year (i.e. assessment year 2015-16); hence, shall not be added u/s 68 of the Act for the subjected year.

The Appellant submits that it has duly proved the nature and source of sum credited to its books of account for the subjected year, hence, the addition confirmed by the CIT(A) shall be deleted.

The Appellant craves leave to amend, modify, add, delete above grounds of appeal.”

3. The brief fact of the case is that the assessee is a public limited company and listed in Bombay Stock Exchange. During the financial year 2014-15 relevant to Assessment Year 2015-16, the assessee had issued 30 lakhs fully convertible warrants to promoters and non-promoters on preferential basis at the issue price of Rs.30/- each. The assessee has received 25% of the share allotment amount at the time of issue of share warrants from the subscribers. In respect of two subscribers, viz Ms. Ritu Bansal and Ms. Parul Bansal Invested Rs. 36 lakh and Rs.27,30,000/- respectively, in AYs, 2015-16 and 2016-17, which was found to be ingenuine by the Ld.AO holding it to be lack of creditworthiness and genuineness; therefore, the total amount of Rs.63,30,000/- was added to the total income of the

assessee. The aggrieved assessee filed an appeal before the Ld. CIT(A). The Ld.CIT(A) allowed the assessee a reasonable opportunity of hearing and the assessee submitted the explanation related to the investments by the above two subscribers, Ms. Ritu Bansal and Ms. Parul Bansal. The source of investment was duly explained, and the amount was duly received from Mr. Pawan Bansal, who had sufficient creditworthiness for payment to Ms. Ritu Bansal and Ms. Parul Bansal. Accordingly, the Ld.CIT(A) considered the amount received from Ms. Ritu Bansal and Ms. Parul Bansal as genuine and deleted the addition to the extent of Rs. 35 lakhs in respect of Ms. Ritu Bansal and Rs.21 lakhs in respect of Ms. Parul Bansal and sustained the addition to the extent of Rs.7,30,000/-. The aggrieved assessee filed an appeal before the ITAT by challenging the partial relief granted by the Ld.CIT(A).

4. The Ld.AR filed a paper book containing **pages 1 to 47**, which is kept on record and argued that the assessee has issued the preferential warrant just before the impugned assessment year, i.e. financial year 2014-15 relevant to A.Y. 2015-16 and 25% of the share allotment amount was paid by the subscribers in financial year 2014-15 relevant to Assessment Year 2015-16. So, Ms. Ritu Bansal paid Rs.9 lakhs and Ms. Parul Bansal paid Rs.6,82,500/- in the immediately preceding assessment year and not the impugned assessment. But the issue was duly placed before the Ld.CIT(A) and before the Ld.AO. But without considering the proper fact, the Ld.CIT(A) partially retained the addition. The Ld.AR invited our attention to the impugned appellate order. The relevant paragraphs 2 to 4 are extracted below:-

“The appellant is a public limited company listed on the Bombay Stock Exchange. During the F.Y. 2014-15, the appellant has issued 30,00,000 Fully convertible warrants to Promoters and Non-promoters on preferential basis at an issue price Rs.30/- each. The Appellant has received 25% of the Share allotment amount at the time of issue of share warrants Details of subscriber to the share warrant are as under:

<i>Sr.No.</i>	<i>Name</i>	<i>Number of Warrants issued</i>
<i>A</i>	<i>Promoters</i>	
<i>1</i>	<i>Ajay Sarupria</i>	<i>9,75,000</i>
<i>2</i>	<i>Shaileh Hingarh</i>	<i>9,75,000</i>
	<i>Bodies comorate on Preferential Allotment</i>	
	<i>AltiusFfinserv Pvt Ltd</i>	<i>4,50,000</i>
<i>C</i>	<i>Other allottees</i>	
<i>1</i>	<i>Ritu Bansal</i>	<i>1,20,000</i>
<i>2</i>	<i>Pawan Bansal</i>	<i>1,20,000</i>
<i>3</i>	<i>Mukesh Jindal</i>	<i>1,20,000</i>
<i>4</i>	<i>Parul Pawan Bansal</i>	<i>91,000</i>
<i>5</i>	<i>Rajesh Shah</i>	<i>91,000</i>
<i>6</i>	<i>Vipul Shah</i>	<i>29,000</i>
<i>7</i>	<i>Rishi Shah</i>	<i>29,000</i>
	<i>Total</i>	<i>30,00,000</i>

During the year under consideration, these share warrants have been converted into Equity Shares on receipt of the balance 75% of the share allotment amount. These shares have been listed on the Stock Exchange on 04.01.2016 The Appellant during the course of assessment proceedings has submitted the details of shares issued during the year, Acknowledgment of Return of Income Filed, Confirmation and the Bank statements of the shareholders to prove the nature and source of the amount received as share capital as provided by Section 68 of the Income tax Act. Out of the above shares issued during the year, the appellant has received Rs.36,00,000/- from Ms. Ritu Bansal for issue of 1,20,000 shares and Rs.27,30,000/- from Parul Bansal for issue

of 91,000 shares, the Appellant was asked to prove the creditworthiness of these two share subscribers and also show cause to explain as to why the amount received by the Appellant shall not be treated as its income.

The Appellant submits that it is a Public Limited Company, hence the proviso to section 68 is not applicable to the Appellant Company. The Appellant is only required to prove the nature and source of receipts as contemplated in section 68 of the Income Tax Act the Appellant in order to explain the nature and source of receipts has filed all the relevant details/documents that is the confirmations, Bank statements of the shareholders, Ack. of Return of Income filed. The Appellant has duly complied with the provision of section 68 of the Act by explaining the nature and source of receipt duly supported by the documentary evidence. However, the AO did not accept the contentions of the Appellant and added Rs.63,30,000/-as unexplained cash credit u/s 68 of the Income Tax Act.

Your Appellant craves leave to add, to alter or to amend the aforesaid statement of facts.

3. GROUNDS OF APPEAL: Aggrieved by the action of the AO, the appellant is in appeal and has raised the following grounds of appeal-

3.1 The Income Tax Officer 3(3)(2), Mumbai (hereinafter referred to as the AO) erred in assessing the Total Income at Rs.68,69,820/- as against income of Rs.Nil declared by the Appellant in its return of income. The Appellant submits that the order passed by the AO is bad in law, illegal, ultra virus, beyond jurisdiction and contrary to the provision of the I.T. Act and shall be quashed.

3.2 The AO erred in making the addition aggregating to Rs.63,30,000/-(i.e.Rs 27,30,000/- Plus Rs.3 6,00,000/-) being Share Capital and Share Premium received from two parties, as unexplained cash credit u/s 68 of the Act. The Appellant submit that on the facts and circumstances of the case, the identity. creditworthiness of the share holder and genuineness of transaction has been duly established and hence the addition made u/s 68 of the Act by the AO shall be deleted.

3.3 The AO erred in not allowing set off of brought forward business loss of Rs.5,77,934/- of A.Y. 2015-16 against the Profit and Gain under the head Business or Profession as assessed.

3.4 The AO erred in charging interest of Rs.5,18,496/- u/s 2348 of the Act.

3.5 Act. The AO erred in initiating penalty proceeding u/s 271(1)(c) of the I.T. Act

3.6 That the appellant prays for leave to add, alter, amend and/ or vary the ground(s) of appeal at or before the time of hearing.

4. Appeal was initiated online and notice u/s 250 was issued fixing the date for online filling of submissions. Appellant has filed written submission which has been taken into consideration while deciding the appeal.”

5. The Ld. DR argued in support of the orders passed by the revenue authorities; however, he also confirmed that the revenue has not preferred any cross-appeal against the impugned appellate order.

6. We have heard the rival submissions and perused the documents available on record. The Ld. CIT(A), after considering the submissions of the assessee, has partly allowed the appeal by deleting the additions to the extent of Rs.35,00,000/- in respect of Ms. Ritu Bansal and Rs.21,00,000/- in respect of Ms. Parul Bansal, while sustaining the addition of Rs.1,00,000/- in the case of Ms. Ritu Bansal and Rs.6,30,000/- in the case of Ms. Parul Bansal, aggregating to Rs.7,30,000/-. The total investment considered was Rs.36,00,000/- for Ms. Ritu Bansal and Rs.27,30,000/- for Ms. Parul Bansal.

The Ld. AR contended that the observations of the appellate authority are not correct. It was submitted that 25% of the share allotment amount was duly paid in the immediately preceding assessment year, and the balance was paid during the assessment year under consideration. Therefore, the amounts paid in the preceding year could not have been added in the year under consideration. The Ld. CIT(A) has otherwise observed that both the subscribers had sufficient sources of

funds and that the creditworthiness of Shri Pawan Bansal, who advanced the subscription amounts to Ms. Ritu Bansal and Ms. Parul Bansal, was not in doubt. Thus, the identity and creditworthiness were duly substantiated before the Ld. CIT(A), which has been duly recorded in the appellate order. However, since the related transactions spanned two assessment years, the matter was not correctly appreciated by the revenue authorities despite submissions made by the assessee at both stages. The Ld. AR further submitted that the transactions between the assessee and the alleged subscribers were not properly dealt with by the Ld. CIT(A), resulting in partial confirmation of the addition.

In our considered view, the matter requires limited verification. We therefore remit the issue to the file of the Ld. AO for the restricted purpose of verifying the investments pertaining to the immediately preceding assessment year, being Rs.9,00,000/- and Rs.6,82,500/- respectively, i.e., 25% of the share allotment amount at the time of issue of share warrants in respect of Ms. Ritu Bansal and Ms. Parul Bansal. We uphold the deletion already made by the Ld. CIT(A). The Ld. AO is accordingly directed to verify the said transactions between the assessee and the subscribers, and if found in proper order, to accept the assessee's claim.

7. In the result, the appeal of the assessee bearing **ITA No.3486/Mum/2025** is allowed for statistical purpose.

Order pronounced in the open court on 03rd day of September 2025.

Sd/-

(NARENDRA KUMAR BILLAIYA)
ACCOUNTANT MEMBER

Mumbai, दिनांक/Dated: 03/09/2025
Pavanan

sd/-

(ANIKESH BANERJEE)
JUDICIAL MEMBER

Copy of the Order forwarded to:

1. अपीलार्थी/The Appellant ,
2. प्रतिवादी/ The Respondent.
3. आयकर आयुक्त CIT
4. विभागीय प्रतिनिधि, आय.अपी.अधि., मुंबई/DR, ITAT,
JODHPUR
5. गार्ड फाइल/Guard file.

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BY ORDER,

(Asstt. Registrar), ITAT, MUMBAI