

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

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

I.T.A No.2895/Mum/2025
(Assessment Year: 2014-15)

ITO, 528, Aayakar Bhavan, M.K. Road, Mumbai-400 020	vs	Vatika Rayons Pvt Ltd Room No.19, 3 rd Floor, 6, M.K. Amin Marg, Bora Bazar Street, Fort, Mumbai-400 001 PAN: AADCV1303P
APPELLANT		RESPONDENT

Assessee by : Shri Rasesh Shah
Respondent by : Shri Kavitha Kaushik (SR DR)

Date of hearing : 03/09/2025
Date of pronouncement : 05/09/2025

ORDER

Per Anikesh Banerjee (JM):

The instant appeal of the revenue filed against the order of 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 2014-15, date of order 07/02/2025. The impugned order emanated from the order of the Learned Income-tax Officer, Ward 1(3)(4), Mumbai (in short, 'the Ld.AO') passed u/s 143(3), date of order 29/12/2016.

2. The brief facts of the case are that assessee is a domestic company. The Return of Income for the A.Y. 2014-15 was filed by the assessee on 26.09.2014 declaring total income at Rs. NIL. The return of income was processed u/s. 143(1) of the Act. The case was selected for complete scrutiny. The notice u/s. 143(2) of the Act dated 31.08.2015 was issued by the Ld. AO to the assessee and was duly served on the assessee. In response to the statutory notices issued, the Authorized Representative (in short, "Ld. AR") attended from time to time and filed the details called for. The Ld. AO after perusal of the details filed during the assessment proceeding made an addition of Rs. 3,00,00,000/- being share application money forfeited (Including Share Premium) by invoking the provisions of section 68 of the Act. The Ld. AO also restricted the claim of expenditure on adhoc basis to Rs. 50,000/- and disallowed the expenditure amount to Rs. 332,784/- due to no business transaction carried out by the assessee and added back interest income of Rs. 57,334/- as "Income from Other Sources". Being aggrieved by the aforesaid additions / disallowance, the assessee has filed appeal before the Ld. CIT(A). The Ld.CIT(A) partly allowed the appeal filed by the assessee. Being aggrieved the revenue filed an appeal before us against the order of Ld. CIT(A).

3. The revenue has taken the following grounds of appeal:

"This is with reference to the appellate order passed by the CIT(A), Mumbai in the case of M/s Vatika Rayons Private Limited. (PAN: AADCV1303P) A.Y.2014-15. I hereby direct the Assessing Officer, ITO-1(3)(4), Mumbai to file appeal to the Income-tax Appellate Tribunal against the CIT(A)'s DIN & order No. ITBA/NFAC/S/250/2024-25/1073026153(1) dated 07.02.2025 on the following grounds:-

"(i) Whether on the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in deleting the addition made u/s 68 of Rs.3,00,00,000/- as the credit

appearing in the books of assessee were found to be tainted and failed the triple test of identity creditworthiness & genuineness?

ii) Whether on the facts and circumstances of the case and in law, the Ld. CIT (A) was justified in considering the interest income of Rs. 57,334/- as business income without appreciating the fact that no business activity was carried out by the assessee.

iii) Whether on the facts and circumstances of the case and in law, the Ld. CIT(A) erred in deleting the expenses of Rs.3,32,724/- claimed by the assessee ignoring the fact that no business activity was carried out by the assessee.

iv) The appellant craves leave to amend or alter any grounds or add a new ground which may be necessary.”

4. With regard to ground 1, the Ld. DR argued that the assessee, during the year under consideration has forfeited Rs.3,00,00,000/- pertaining to share application money. The assessing officer added the amount of Rs.3,00,00,000/- u/s 68 of the Act, for the reasons recorded in the assessment order, which are as follows: -

“25. The assessee has provided that the valuation is made on net asset value. It is seen from the valuation that the valuation is made on the historical value of the assets which do not include even the depreciation. Further, the valuation is mainly determined on the money taken to reserves due to the forfeiture of shares during the prior year. The assessee has not undertaken any business activity during those years and even subsequent years also, as per the latest income tax records available. The assessee has just created the reserves through share forfeiture. The facts on record do not show any justification for valuing and/or commanding any share premium. As per the provisions of section 56 of the Income Tax Act, 1961, relevant for the year under consideration, the money received through share premium and/or forfeited is chargeable to income tax under this head of income. The assessee has shown a forfeiture amounting to Rs.58,75,000/-, which actually totals to Rs.3,00,00,000/-, when we include all the amounts due the action of forfeiture

during the year, which will get covered under the latest provisions of Section 56, applicable for the year.

26. The law is also being evolved in this regard. In the proposed Direct Taxes Code, 2010, such forfeited sums may get taxed as income from other sources (residuary head). Clause (t) of section 58(2) is worded in a manner to rope in. Forfeited receipts even if they have capital character. It reads as below:

"It any amount accrued, or received, on account of the cessation, termination or forfeiture of any agreement entered by the person, if the amount is not included under the head (Income from business.

27. Reference is also made to assessee's submission during the prior year (AY.2013-14) scrutiny assessment proceedings, which also had the similar facts and issues and is noted as under:-

"With regards to justification regarding forfeiture of shares and claim as capital loss, we would like to submit hereby to your goodself that a binding contract had been entered into between the assessee and the investee company. Therefore, as soon as the allotment is made, the assessee would be deemed to have acquired a right in such shares, even if the call monies or the full-face value of the shares has not been paid. Thus, in a case where only share application money is paid and the balance is yet to be paid on actual allotment of shares, the holder of such allotment would be recognized as a member of the investee company. Such a transaction would attract the provisions of section 2(47) of the Act The extinguishments of any rights therein as appeared in section 2(47) of the Act, covers every possible transaction resulting in the destruction, annihilation, extinction, termination, cessation or cancellation, by satisfaction or otherwise of all or any of the bundle of rights whether qualitative or quantitative which the assessee has in a capital asset whether or not such an asset is corporeal or incorporeal."

28. Considering this submission of the assessee that the transaction is nature of capital asset, the transaction is in nature of short term capital assets, since the creation of capital rights and

relinquishment of such rights are concluded within the same year with time duration of less than 12 months. The cost of creation and subsequent relinquishment of right is not 'NIL, since the assessee must have incurred ROC charges and some incidental cost. Also, the person from whom the monies are received has no stake as the shareholder of the company. The company has gained due in these accounted transaction without creation of any liability corresponding to such gains. With such proposition also the assessee is liable for tax on such amounts at maximum marginal rates.

29. However, considering the fact of the case, it is of primary importance to assess the genuineness of the stated transactions. It can be seen from the assessee's accounts that a major part of the funds so brought into the assessee company, has also gone out of circulation of assessee's business to the persons other than the assessee company and/or the funds so received are put to use for non-business purpose. The details show that the assessee has used the amounts it has received towards payment for the purchase of properties/investments. The fact shows that the assessee has used all the money for its own purpose. The position, even as on date, is that the money is still with the assessee, not even a small part of such funds have been returned by the assessee. The position, even as on date, is that the assessee has made the case that the other person has defaulted on payment of the call money when the assessee company had the full money towards the claimed value of the share at the first instance only, as per assessee's own balance sheet and the bank statement. It is also a fact that the assessee company has grossly defaulted on bringing out any business project and has not utilized any of the money towards the business purpose. The assessee was also requested to provide the details of the assets, plant and machinery with the details where such assets are located and installed. However such details were lacking in assessee's submissions.

30. The present position of the affairs of the company, the lack of framework, absence of the agreements & permissions, lack of infrastructure, reflects the lack of credibility on the stated business proposition, purpose for existence of the company and consequently the nature of the funds bought in the company stating it as share capital and share premium.

31. *The money may have been received through banking channels, but neither does it reflect the business foundation on which the stated venture with other investor, should have been prepared nor does it reflect any actual genuine business activity. The share monies had come through banking channel is, at best, neutral. The persons who subscribed to the shares are identifiable, was again a neutral fact and that these persons were complying with such formalities did not add any credibility or evidentiary value. It did not ipso facto prove that the transactions were genuine. Introduction of money under the guise of loans, advances, share capital and share premium has been in vogue for so long and so widely prevalent that the tell-tale signs of the instant case will invariably lead to the conclusion in the minds of any ordinary man of normal prudence that the said transaction is nothing but a device for any of the purpose best known to them.*

32. *It has been considered more by the Hon'ble Supreme Court in the case of A Govindarajulu Mudaliar v. CIT (1958) 34 ITR 807 that it is not incumbent upon the Assessing Officer, on the facts and circumstances of the case, to establish with the help of material on record that the share monies had come or emanated from the assessee's coffers. Section 158 of the Act casts no such burden upon the Assessing Officer*

33. *Considering the submissions, circumstances and preponderance of human probabilities, probability whether the impugned transaction appeals to the normal mind, its believability and feasibility and considering the present situation/fact which were projected as the future prospects, the assessee company had no substantial business operations with no sign that it has liability to commence it has ability to commence any business operations, it will be highly improper to assume the genuineness of the stated transaction about the share capital and attached share premium.*

34. *The audit report of the assessee company shows that the amount of money that it has received from the entity is the share application money. The assessee has not provided any confirmation*

for such share application money, but the confirmation is being provided is of loan, which is not there in the audited books of accounts.

35. Further, as explained above the nature of transaction as share application money or as a loan are completely different and gives altogether the different rights and meaning to the transactions. The transactions cannot be classified on its own choice but have a set principle for their classification in the books of accounts.

36.1 The interesting thing is that both the parties in the transaction have shown the indifference to and still are indifferent to the stated transaction. The amount involved is not a small amount that is let go by a person. While the assessee company is claiming that the amounts received through share application money towards share capital and share premium is forfeited while the fact is that the assessee company has allotted shares to the respective persons which implies that those persons are already holding voting rights of more than 50% and consequently the decision to make a call on pending share money rested with the persons whose monies are, ironically, forfeited.

36.2 Even if such decision making power is ignored for once, the money that these persons had already provided, would have earned them the controlling stake in the first instance itself. This proposition is just beyond any reasonableness and defies any logic. What more needs to be explained, to highlight its non-genuineness. Further, the columns of balance sheet for last year and current year shows that there is entry of share application money amounting to Rs.2.82 crores which the 'AR' has explained during the hearing that it was converted into unsecured loans of the same amount entered in the name of Rajender K. Jain as the partner of M/s Yash Enterprises. Even Ma Shreya Jain transferred more than adequate funds in the first installment The assessee is unable to adequately substantiate why part of the payment was returned. The stated amount was more than adequate to cover the alleged default on payment of call money.

36.3 Again, from the replies provided in reference to the notice u/s 133(6), by the respective parties, it is seen that both the parties has the total income mainly comprising of interest on deposits/loans. Considering the stated fact, it again raises a strong doubt, why such persons will provide interest free unsecured loans particularly when the monies are transferred by liquidating the interest-bearing deposits or by get the money from other persons. Further, there is a difference of the amount stated by M/s Yash Enterprises as loans, during the year and the amount of share application money received by the assessee company from M/s Yash Enterprises. The information was sought from the SBI with respect of the payment entries of M/s Yash Enterprises, however, the data could not be received and there is no option but to consider the assessee's submission and its bank statement, without making any opinion on the difference in the amounts.

37. Even looking at the balance sheet and the profit and loss account of the other entity, it can be seen that the other party has neither the volume as a turnover nor it has profits in its books. It has claimed to have received a huge towards share capital and even more at a huge share premium. What is more surprising is that the funds so received are being given to the other persons and they are not bothered what the other person is doing, they are not even bothered that they should get returns on the amount they are providing to the other person and they are still not bothered to get back the amount so provided.

38. The transactions is getting reflected in the audit reports or is being claimed in the submissions, is a transaction in the nature of commercial transaction which involves an interaction between two or more parties in which goods, services or something of value is exchanged for some type of consideration. Some aspects of commercial transactions, such as truthful representation and contract provisions, are governed by law, and in which, business judgment rule cannot be ignored.

39. The business judgment rule is a presumption that in making a business decision, a person acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests.

40. The business judgment rule specifies that the court will not review the business decisions of directors who performed their duties (1) in good faith, (2) with the care that an ordinarily prudent person in a like position would exercise under similar circumstances; and (3) in a manner the person

business decisions of directors who performed their duties (1) in good-faith;

40. The business judgment rule specifies that the court will not review the (2) with the care that an ordinarily prudent person in a like position would exercise under similar circumstances; and (3) in a manner the person reasonably believe to be in the best interests of the business. As part of their duty of care, the persons have a duty not to waste assets by overpaying for property or employment services. If such is not the case then it is imperative that the transaction is required to be taken for determining its genuineness.

41. Under the business judgment rule, a person is supposed to enter into a transaction in good faith and with reasonable skill and prudence. The claimed transaction under discussion constitutes waste, that is, the alleged default is so one-sided that no business person of ordinary, sound judgment could enter into such a transaction having no sound business foundation and to forgo a substantial amount. 4

42. The facts in this case defies the logic and the prudence on the part of the other persons. In the normal sense of a man of ordinary prudence, no person would let go such a huge amount without exploring the legal options when the facts shows that the assessee company is grossly at default towards fulfilment of any business purpose.

43. Every person who receive money has got the option in account it as income, loan, advance or deposit at its choice, but, his choice of account the receipt as advance, deposit or loan in its boules of accounts dons not determine the character of receipt. The fact that the amount so roccived by the assessee company is utilhard towards purchase of the property/investments, shows that the transaction is of income bearing nature.

44. *The submissions as received during the assessment proceedings, the facts as brought on record and the stated current position of the companies' affairs, as has been discussed above in the order, points to the doubtful nature of the reflected transaction and show the lack of genuineness of the claimed nature of the transaction.*

45. *All the relevant facts and evidences as the assessee has made available, during the proceedings, are considered and discussed. Section 143(2) puts the first onus is on the assessee to substantiate its claims in its return of income. Under Section 68, also, the onus is on the assessee to offer explanation, where any sum is found credited in the books of account and where the assessee fails to prove to the satisfaction of the Assessing Officer, the nature of the amount of cash credits, it is logical to draw an inference that the credit entries represent income taxable in the hands of the assessee. It is not for of the Assessing Officer to locate the exact source of the cash credits. As to the issue of genuineness of transaction, the transaction is not genuine, simply because the transactions are by cheque. The burden to identify the source lies upon the assessee and he is required to explain the genuineness of the transaction.*

46. *Any sum found credited in the books of the taxpayer, for which he offers no explanation about the nature and source thereof or the tax authorities are not satisfied by the explanation offered by the taxpayer, is treated as cash credit. Considering the submissions, circumstances, and preponderance of human probabilities on undertaking a financial transaction of considerable value which is left unattended, and considering the present situation/facts that the assessee has already used the amount for purpose which does not show any business and above all, the other party to the transaction, which is providing the funds to the assessee, is just not bothered about its money or the returns on such funds, and considering the discussion is above in the order, the amount of Rs. 3,00,00,000/- is added as assessee's income under the provisions of section 68 of the Income Tax Act, 1961."*

The Ld. DR heavily relied on the assessment order and submitted that the Ld.CIT(A) was not justified in deleting the addition.

5. The Ld. AR appearing for the assessee submitted that, in order to promote the textile market, the Government of India had framed a scheme for setting up integrated textile parks with the objective of providing robust infrastructure facilities to participants. Pursuant thereto, a Special Purpose Vehicle (SPV) of the Government of India, namely Surat Super Yarn Park Ltd. (hereinafter referred to as "SSYPL"), was incorporated. SSYPL had agreed to allot a constructed shed in the Textile Park at Surat for yarn processing, along with supporting infrastructure and power facilities, to promote the business activities of textile enterprises. The Ld. AR further submitted that the assessee had entered into an Infrastructure-cum-Power Supply Agreement with SSYPL on 28.09.2011. Under the terms of this agreement, SSYPL was to provide facilities such as uninterrupted and low-cost electricity, transportation, canteen, laboratory and technician support, together with the advantage of cheap raw material and skilled labour in the region. In line with the recitals of this agreement, and also in terms of a Subscription Agreement dated 12.10.2010, the assessee subscribed to the shares of SSYPL. To avail this business opportunity, the assessee sought to raise its share capital by issuing shares. For this purpose, it was in search of investors and had also raised funds in earlier years. In support of its valuation, the assessee obtained a report from an independent valuer, who determined the value per share at Rs.769.77. Based on this, two investors subscribed to the assessee's share issue: (i) Ms. Shreya Jain, who applied for 1,25,000 shares, and (ii) M/s. Yash Enterprises, which applied for 6,25,000 shares. Each paid Rs.40 per share, comprising Rs.5 towards partly paid share capital and Rs.35 towards share premium. However, the project did not materialise due to significant delays in the commencement of operations, particularly in providing

requisite facilities such as electricity. Consequently, the project failed to take off. The investors, being aware of this development, did not pay the final call money, and the assessee decided to forfeit the money received.

The record shows that on 27.08.2013, the assessee received an amount of Rs.1,00,00,000 from Ms. Shreya Jain for investment in shares. Subsequently, the assessee returned Rs.50,00,000 to her on 22.10.2013, as she opted to reduce her investment. This fact was duly intimated to the Ld. AO vide submission dated 16.12.2016. Along with the submissions dated 28.11.2016, the assessee also produced relevant extracts of bank statements and ledger accounts before the Ld. AO. As per agreed terms, the assessee allotted 1,25,000 shares to Ms. Shreya Jain at Rs.40 per share, comprising Rs.5 per share as partly paid up and Rs.35 towards share premium. The assessee also issued share certificates reflecting that the shares were partly paid up. It was further submitted that the shares were issued at Rs.50 per share (face value Rs.10, with Rs.40 received as call money). In total, the assessee issued 7,50,000 shares, of which 1,25,000 were issued to Ms. Shreya Jain. She was unrelated to the assessee, and this fact was corroborated by her own submissions dated 08.12.2016 filed before the Ld. AO. A subsequent share certificate was also issued and placed on record during the course of hearing vide submission dated 16.12.2016. In respect of forfeiture of shares, the assessee had also filed Form No. 20B (Annual Return) with the Registrar of Companies, wherein the forfeiture was duly disclosed. Despite these facts, the Ld. AO, relying upon extracts of her letter, observed that since the said parties had classified the transactions as loans, the same was liable to be treated as unexplained credits under the Act. The Ld. AR respectfully relied on the impugned appellate order.

6. We have considered the rival submissions and perused the materials placed on record. We find that the Ld.CIT(A), after a detailed discussion found that the amount of forfeiture of share application money is a capital receipt only and cannot be taxed as income of the appellant. Therefore, I am of the considered view that the addition of Rs 3,00,00,000 u/s 68 of the Act made by the AO is not sustainable, by holding as under: -

“5.25 In view of the above facts and discussion and respectfully following the judicial decisions as discussed above, I am of the considered view that the appellant has discharged the onus of providing about the nature and source and provided all necessary information to the AO. The forfeiture is due to non payment of final call money. I find that from a perusal of the return of income filed by the parties, it can be seen that the parties have substantial source of income to make the investments. It is also not the case of the AO that the party is bogus or there is a finding that the shareholder is non-genuine. If the amount of share application money received from the parties are doubtfully, then the AO is free proceed by reopening the assessment of such shareholders and assessing them to tax in accordance with law. Further, the amount of forfeiture of share application money is a capital receipt only and cannot be taxed as income of the appellant. Therefore, I am of the considered view that the addition of Rs 3,00,00,000 u/s 68 of the Act made by the AO is not sustainable and is directed to be deleted. The appeal on Ground No 1 is thus treated as allowed.”

We do not find a reason to come to a different conclusion than the one arrived at by the Ld.CIT(A). The impugned appellate order is upheld.

Ground no. 1 of the revenue is rejected.

Ground 2:

7. This ground pertains to treatment of interest income of Rs.57,334/- as ‘business income’. The Ld. AO treated it as “Income from other sources”. On appeal, the Ld.CIT(A) directed the Ld.AO to treat the same as income from business.

8. The Ld. DR argued & relied on the impugned assessment year.

9. We have heard the rival submissions and perused the documents placed on record. The Ld. CIT(A) allowed the ground of the assessee by holding as under:-

“6.2 I have carefully considered the facts and evidences on record. During the year under consideration, the appellant has received interest income amounting to Rs. 57,334 from unutilized funds of business parked into fixed deposits as the business as projected couldn't take off. The appellant treated such interest income as business income being the business funds. The AO concluded that since the appellant is neither banking company nor it is non banking financial company and therefore, interest income is not business income and treated the same under Income from other sources.

6.3 I find that the funds parked as fixed deposits were funds raise to carry out textile business of the appellant. This fact is not disputed by the AO also. The Appellant had to invest the same in fixed deposit as the project did not take off during the year under consideration since facilities were not available to carry out business. The Hon'ble jurisdictional Bombay High Court in the case of CIT v. Paramount Premises (P.) Ltd. [1991] (190 ITR 259) has in similar facts held in favor of the appellant. The assessee in that case had received deposits in installments form prospective purchasers while the work of construction was in progress. If the purchasers failed to make deposit by stipulated dates, they were required to pay interests. Idle amounts were deposited with the bank or given on temporary loans until such time as they were required for construction. Thus, interest was earned on these amounts. In due course, the assessee's appeal was considered by the Hon'ble Tribunal and the Hon'ble Tribunal recorded a finding that the entire interest sprang from business activity of the assessee and did not arise out of nay independent activity. The Hon'ble High Court held that the aforesaid interest was assessable as income from business and affirmed the correctness of the view of the Hon'ble Tribunal that the interest so earned was 'income form business.’”

For arriving the above conclusion, the Ld. CIT(A) from support from the order of Hon'ble ITAT Delhi in the case of **Habitate Realtech P. Ltd. Vs DCIT (ITAT Delhi) in ITA No. 4658/Del/2018** Date of Judgement: **19/01/2022**. Therefore, we do not a reason to interfere with the order of the Ld. CIT(A). We uphold his order and reject the ground raised by the revenue.

Ground no. 2 of the revenue is rejected.

Ground 3 :

10. This ground raised by the revenue pertains to deletion of addition on account of expenses on account of no business activity during the year. We find that the Ld. CIT(A) deleted the addition by observing as under:-

"7.3 I have carefully considered the facts and evidences on record. I find that on one hand the books of account are not rejected by the AO and on other hand AO has made a lump-sum addition. The AO has not pointed out specific defects in expenditure claimed by assessee, other than merely claiming that no business income was shown by the appellant. The AO has not disputed that such expenses are not incurred for business during the year.

7.4 The Hon'ble ITAT Delhi in the case of Dhanyata Enterprises Private Limited Vs DCIT in ITA. No. 404/Del./2020 Date of Judgement/Order: 24/09/2021 Assessment Year: 2014-15 has held that merely because assessee has not earned any business income during the year, but, has every intention to revive the same, therefore, the various expenses debited to the P & L A/c cannot be disallowed especially when the assessee is maintaining its Office and kept its infrastructure ready for future business. In the case of Katira Construction Ltd. v. ACIT [2020] 119 taxmann.com 489 (Rajkot- Trib.), the Hon'ble ITAT held that where books of account of assessee have not been rejected, onus is on Assessing Officer to point out specific expenses which were not incurred in connection with business and thereafter he can make disallowance under provisions of section 37 and as such there is no provision provided under Act empowering Assessing Officer to make disallowance on ad-hoc basis despite fact that assessee consents for such disallowance during assessment proceedings. In the case of Kushal Virendra Tandon v. ACIT [2022] 134 taxmann.com

268 (Mumbai - Trib.), the Hon'ble jurisdictional ITAT held that in absence of specific finding by lower authorities regarding documentary evidence which pointed out that expenditure were not incurred wholly and exclusively for purpose of business or profession, disallowance of expenses in arbitrary manner on an ad-hoc basis has to be set aside.

7.5 Considering the above discussion and relying on the various judicial decisions on the issue of disallowance of expenses on purely ad- hoc basis, the restriction of the expenses claimed by the appellant to Rs.50,000 on an adhoc basis cannot be sustained and the same is deleted. The appeal on this ground is treated as allowed.”

11. The Ld. DR argued & relied on the order of the impugned assessment order.

12. We heard the rival submissions and perused the documents available on record. We are not in a position to come to a different conclusion that the one reached by the Ld.CIT(A). Therefore, the order of the Ld.CIT(A) on this issue is upheld. **Ground-3** of the revenue fails.

13. In the result, the appeal filed by the revenue bearing **ITA No. 2895/Mum/2025** is dismissed.

Order pronounced in the open court on 05th day of September 2025.

Sd/-

(NARENDRA KUMAR BILLAIYA)
ACCOUNTANT MEMBER

Mumbai, दिनांक/Dated: 05/09/2025
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.

BY ORDER,

//True Copy//

(Asstt. Registrar), ITAT, MUMBAI