

आयकर अपीलीय अधिकरण, विशाखापटणम पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Visakhapatnam Bench, Visakhapatnam

Before Shri Ravish Sood, Judicial Member
and
Shri Balakrishnan S., Accountant Member

आ.अपी.सं /ITA No.273/Viz/2025
(निर्धारण वर्ष/Assessment Year:2014-15)

Naga Hanuman Solvent Oils (Pvt) Ltd., Visakhapatnam. PAN: AACCN1547J	Vs.	Deputy Commissioner of Income Tax, Circle-3(1), Visakhapatnam.
(Appellant)		(Respondent)
निर्धारिती द्वारा/Assessee by:	Sri GVN Hari, Advocate	
राजस्व द्वारा/Revenue by:	Dr. Aparna Villuri, Sr. AR	
सुनवाई की तारीख/Date of Hearing:	24/09/2025	
घोषणा की तारीख/Date of Pronouncement:	30/09/2025	

आदेश / ORDER

PER. RAVISH SOOD, JM:

The present appeal filed by the assessee company is directed against the order passed by the Commissioner of Income-Tax (Appeals), National Faceless Appeal Center (NFAC), Delhi, dated 21/02/2025, which in turn arises from the order passed by the Assessing Officer under Section 143(3) r.w.s. 263

of the Income Tax Act, 1961 (for short, “Act”), dated 29/10/2019 for A.Y. 2014-15.

2. The assessee company has assailed the impugned order on the following grounds of appeal before us:

1. The order of the Ld. CIT(A) is contrary to the facts and also the law applicable to the facts of the case.
2. The Ld.CIT(A) is not justified in deciding the appeal ex-parte.
3. Without prejudice to the above, the Ld.CIT(A) is not justified in sustaining the addition of Rs. 33,87,382/- made by the AO by not granting exemption for agricultural income and treating the same as ‘income from other sources’.
4. Any other ground that may be urged at the time of appeal hearing.”

3. Succinctly stated the assessee company which is engaged in the business of manufacturing of solvent oils had filed its return of income for AY 2013-14 on 27/11/2014 declaring an income of Rs. 78,08,455/- along with agriculture income of Rs. 33,87,382/-. Subsequently, the case of the assessee company was selected for scrutiny assessment under Section 143(2) of the Act.

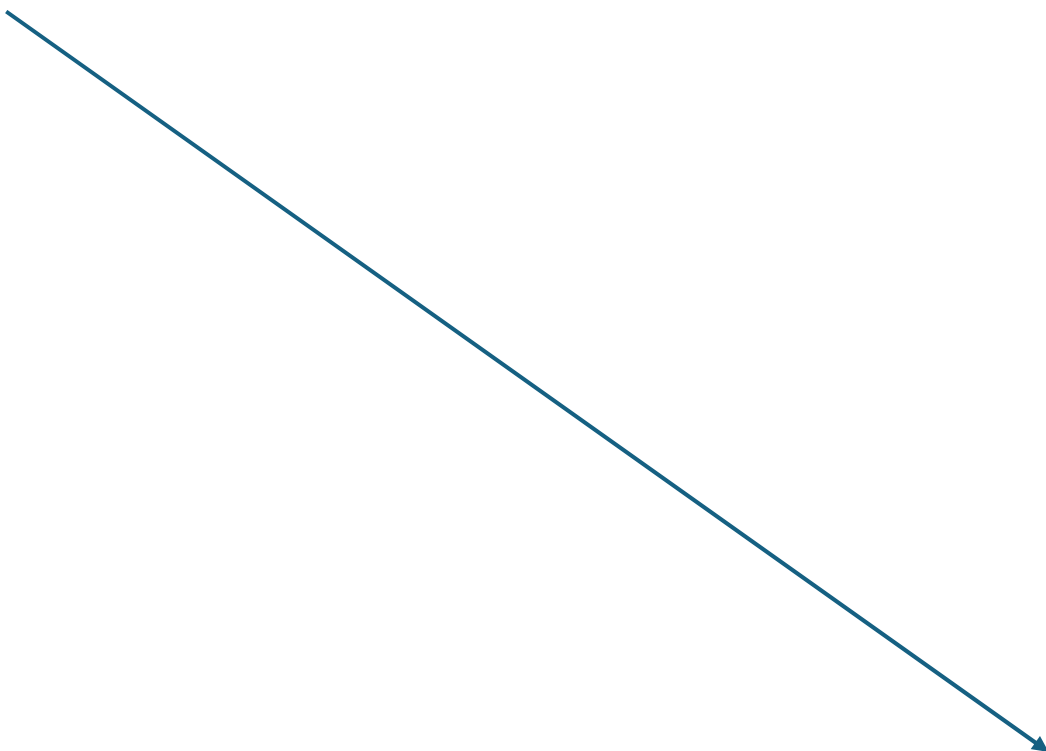
4. Originally, assessment was passed by the AO U/s. 143(3) of the Act, dated 29/12/2016.

5. Thereafter, the Learned Principal Commissioner of Income Tax-1, Visakhapatnam (in short “Pr. CIT”), vide his order passed

U/s. 263 of the Act, set aside the order passed by the AO U/s. 143(3) of the Act, dated 29/12/2016 for the limited purpose of re-doing the assessment after thoroughly examining the assessee's claim of having derived agriculture income during the subject year.

6. Thereafter, the AO, vide his order passed U/s. 143(3) r.w.s 263 of the Act, dated 29/10/2019 determined the income of the assessee at Rs. 1,14,24,460/-, wherein he disallowed the assessee's claim of having derived agriculture income of Rs. 33.87 lacs and brought the said amount to tax in his hands.

7. Aggrieved, the assessee carried the matter in appeal before the CIT(A), but without success. For the sake of clarity, the observations of the CIT(A) are culled out as under:



6. I have considered the grounds of appeal, assessment order and material available on record. The facts of the case is that appellant company engaged in manufacture of solvent oils filed its return of income for the year under appeal on 27/11/2014 declaring a total income of Rs.78,08,455/- besides agricultural income of Rs.33,87,382/-. The case was selected for scrutiny under CASS and assessment was completed u/s. 143(3) on 29/12/2016 after making a disallowance of belated payment of PF of Rs.2,28,626/-. Subsequently, the Pr. CIT-1, Visakhapatnam observed that the assessment was completed without verifying the nature of agricultural income and held the order passed by the AO as erroneous and prejudicial to the interests of revenue. Accordingly, the Pr. CIT vide his order u/s.263 dtd. 31/3/2019 set aside the assessment order dated 29/12/2016 passed by the AO with a direction to thoroughly examine the claim of agricultural income and pass assessment order afresh. Consequent to this order, AO initiated the reassessment proceedings and statutory notices were issued to the appellant. It was submitted by the appellant before the AO that it had received consideration from the sale of paddy and was the accounted income. However, the AO has noted in the assessment order that the AR of the appellant had submitted before the AO that the agricultural land to the extent of 149.27 acres were given to the farmers on lease (kowlu) for conducting agricultural operation and has received an income of Rs.33,87,382/- from the said farmers. It is also submitted before the AO that the lease is received in the form of paddy in some cases and cash in some cases. However, appellant had not submitted the lease agreements of the agricultural land before the AO. The AO has held that the appellant is not directly engaged in agricultural operations and therefore the appellant is not eligible for claiming exemption u/s.10 of the Act and accordingly disallowed Rs.33,87,382/- claimed to have been received from agricultural operations

and added it to the total income of the appellant.

6.1 The appellant during the course of appellate proceedings has not complied with the several notices issued calling for **ground wise written submission along with supporting documentary evidences in support of ground of appeal**. The appellant did not bother to file any submission/explanation. This shows that the appellant is no more interested in pursuing its appeal. The AO has passed a very reasoned and speaking order considering all the facts and the circumstances of the case and hence, no interference with the order of the AO making addition of Rs.33,87,382/- declining the claim of exemption u/s.10 of the Act holding that the appellant was not directly engaged in the agricultural activities and also making addition of Rs.2,28,626/- towards belated remittance of employees' contribution of PF and assessing the total income at Rs.1,14,24,460/- is hereby confirmed. Accordingly, all the grounds of appeal raised in the present appeal is **dismissed**.

7. In the result, the appeal is **dismissed**.

8. The assessee, being aggrieved by the order of the CIT(A), has carried the matter in appeal before us.

9. Sri GVN Hari, Advocate, the learned Authorized Representative (for short "Ld.AR") for the assessee company, at the threshold of the hearing of the appeal submitted that the assessee company had remained divested of an opportunity to put forth its case in the course of the proceedings before the CIT(A). Elaborating on his contention, the Ld. AR submitted that though the assessee company in its Memorandum of Appeal i.e., "Form-35", had specifically opted out of receipt of notices/communications from the office of the CIT(A) through e-mail, but no hard/physical copy of any such notices intimating the fixation of the hearing of the appeal on either of the said six occasions was ever served upon him. The Ld.AR to buttress his claim had taken us through the order of the CIT(A), which revealed that all the aforementioned six notices intimating the fixation of the appeal were issued through ITBA. The Ld. AR submitted that considering the aforesaid facts, the matter, in all fairness, be restored to the file of the CIT(A) with a direction to readjudicate

the same after affording a reasonable opportunity of being heard to the assessee.

10. Per contra, Dr. Aparna Villuri, the Learned Departmental Representative (for short, "Ld. DR") relied upon the orders of the lower Authorities.

11. We have thoughtfully considered the contentions of the Learned Authorized Representatives of both the parties in the backdrop of the facts discernible from the record.

12. Admittedly, it is a matter of fact borne from the record that the assessee company had in its Memorandum of Appeal i.e., "Form-35" specifically opted out of service of notices/communications from the office of the CIT(A) through e-mail. For the sake of clarity, we cull out the relevant extract of "Form-35" as under:

FORM NO. 35 [See rule 45] Appeal to the Commissioner of Income-tax (Appeals)			CIT(A)	Acknowledgement Number	
			262140381271119		
Personal Information	First Name	Middle Name	Last Name or Name of Entity	PAN	TAN (if available)
			NAGA HANUMAN SOLVENT OILS PRIVATE LIMITED	AACCN1547J	
	Flat/ Door/ Block No.	Name of Premises / Building / Village		Road / Street / Post Office	
	PLOT NO 2, 2ND FLOOR, SRI BALAJI RESIDENCY,				
	Area/ Locality	Town/ City/ District		State	Country
	SECTOR IX, M.V.P.COLOY, NY,	VISAKHAPATNAM		ANDHRA PRADESH	INDIA
	Pincode	Mobile No	STD/ISD Code-Phone No	Email Address	Whether notices/ communication may be sent on email?
530017	- 9908353575	-	nhnfcast@gmail.com	No <input checked="" type="checkbox"/>	

13. We find that the CIT(A) office had forwarded the notices /communications intimating the fixation of the appeal on all the six occasions ie., notice(s) dated 16/02/2021; 20/12/2023; 10/01/2024; 01/05/2024; 05/10/2024 and 04/02/2025 electronically through ITBA, and no hard/physical copy of the said notices were ever served upon the assessee company. At this stage, we may herein observe that not only the assessee company had opted out of the receipt of the notices/communications through e-mail, but also at Sl No. 17 of the “Form-35” specifically provided the address at which it had sought the notices to be served upon.

14. Considering the facts involved in the present appeal, we find substance in the Ld. AR’s claim that as the assessee company had remained divested of an opportunity to participate in the proceedings before the CIT(A) and present its case, therefore, the order so passed by him at its back cannot be approved on our part. We, thus, in terms of our aforesaid observations, set-aside the matter back to the file of the CIT(A) with a direction to re-adjudicate the appeal on merits after

affording a reasonable opportunity of being heard to the assessee company.

15. Resultantly, the appeal filed by the assessee company is allowed for statistical purposes in terms of our aforesaid observations.

Order pronounced U/Rule 34(4) of the Income Tax (Appellate Tribunal) Rules, 1963 on 30th September, 2025.

Sd/- (BALAKRISHNAN S.) ACCOUNTANT MEMBER	Sd/- (RAVISH SOOD) JUDICIAL MEMBER
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Hyderabad,
Dated 30th September, 2025

***OKK/SPS**

Copy to:

S.No	Addresses
1	Naga Hanuman Solvent Oils (P.) Ltd, Flat No.2, 2 nd Floor, Sri Balaji Residence, Beside Social Welfare Office, Sector-IX, MVP Colony, Visakhapatnam, Andhra Pradesh-530017.
2	DCIT, Circle-3(1), O/o. ITO, Infinity Towers, Shankarapuram Road, Santhipuram, Visakhapatnam, Andhra Pradesh – 530016.
3	The Pr.CIT, Visakhapatnam
4	The DR, ITAT Visakhapatnam Benches
5	Guard File

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SENIOR PRIVATE SECRETARY
ITAT, VISAKHAPATNAM