

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

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
AND
SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER**

ITA No.4204/Del/2025
Assessment Year: NA

Shree Vaish Aggrawal Samaj Chawla Colony, Agarsain Bhawan Aggarwal Dharamshala, Near Panchat Bhawan, Chawla Colony, Faridabad	Vs.	CIT(Exemption), Chandigarh
PAN: ABCAS8302F		
(Appellant)		(Respondent)

Assessee by	Sh. Charitra Gupta, CA Sh. Deepak Garg, CA
Department by	Sh. Jitender Singh, CIT(DR)

Date of hearing	12.11.2025
Date of pronouncement	20.11.2025

ORDER

PER SATBEER SINGH GODARA, JM

The assessee has filed the instant appeal against the Commissioner of Income Tax (Exemption) [in short, the "CIT(E)"], Delhi's order dated 27.05.2025 having DIN and Notice No. ITBA/EXM/F/EXM45/2025-26/1076467568(1), involving proceedings under section 12A(1)(ac)(ii) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act').

Heard both the parties. Case file perused.

2. Coming to the assessee's sole substantive ground seeking section 12AB registration herein, we note from a perusal of the case record that the learned CIT(E) has declined its application dated 24.12.2024 vide following detailed discussion: -

"4.2 In response thereto, the applicant has furnished its reply on 05.03.2025. On perusal of the financial statements submitted by the applicant, it has been observed that the applicant has made investments of Rs. 8,00,000/- in BTL Impex India Ltd. and Rs. 39,02,760/- in SRS investment Ltd. The relevant extracts of the Balance Sheets as on 31.03.2022, 31.03.2023 and 31.03.2024 is reproduced as under:

SHREE VAISH AGGARWAL SAMAJ CHAWLA COLONY, BALLABGARH, FARIDABAD-121004 BALANCE SHEET AS AT 31ST MARCH, 2024			
Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Corpus fund		Fixed Assets	
Opening Corpus	1,78,92,619.54	(As per annexure - II)	1,43,10,404.54
Add: Excess of Income over Expenditure	4,66,873.88		
	1,83,59,493.42	Investments*	
Government Grant for Digital Library		BTL Impex India Ltd.	8,00,000.00
Opening Balance of Grant	11,00,000.00	SRS Investment Ltd.	39,02,760.00
Less: Utilisation from Corpus	11,00,000.00		47,02,760.00
		Cash & Bank Balance	
Unsecured Loan		Cash in Hand	16,787.00
As per Annexure-I	4,50,000.00	Punjab National Bank	9,679.44
Sundry Creditors		Canara Bank	94,818.10
As per Annexure-II	4,87,918.66	Security Deposits	
Provisions		D.H.B.V.N	2,02,963.00
Audit Fees Payable	40,000.00		
Total	1,93,37,412.08	Total	1,93,37,412.08

BALANCE SHEET AS AT 31ST MARCH, 2023			
Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Corpus fund		Fixed Assets	
Opening Corpus	17,792,730.88	(As per annexure - II)	15,335,120.00
Add: Grant Received from Government for Digital Library	1,100,000.00		
Add: Excess of Expenditure over Income	99,888.66	Investments	
	18,992,619.54	BTL Impex India Ltd.	800,000.00
Unsecured Loan		SRS Investment Ltd.	3,902,760.00
As per Annexure-I	702,000.00		4,702,760.00
Sundry Creditors		Cash & Bank Balance	
As per Annexure-II	1,019,089.00	Cash in Hand	2,135.00
Provisions		Punjab National Bank	428,152.54
Audit Fees Payable	20,000.00	Canara Bank	92,578.00
Legal & Professional Charges Payable	30,000.00	Security Deposits	
		D.H.B.V.N	202,963.00
Total	20,763,708.54	Total	20,763,708.54

BALANCE SHEET AS AT 31ST MARCH, 2022

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Corpus fund		Fixed Assets	
Opening capital	17,528,207.42	(As per annexure - II)	13,086,884.00
Add: Excess of Income over Expenditure	264,523.46		
	17,792,730.88	Investments	
Sundry Creditors & Advances		BTL Impex India LTD.	800,000.00
Rahul Marble & Granite	56,732.00	SRS Investment	3,902,760.00
Jai Kishan Garg	100,000.00		4,702,760.00
Naresh Kumar Sumit Kumar	100,000.00		
Provisions		Cash & Bank Balance	
Audit Fees Payable	30,000.00	Cash in Hand	17,331.00
		Punjab National Bank	69,524.88
		Security Deposits	
		D.H.B.V.N	202,963.00
Total	18,079,462.88	Total	18,079,462.88

4.3 In view of the above, a query was issued to the applicant on 16.05.2025 to justify these investments and submit its reply on or before 22.05.2025, the details of the query are given as under:

1. From perusal of your financials, it is gathered that you have made investments in BTL Impex India Ltd. and SRS investment Ltd. Please justify how these investments are in accordance with the modes prescribed in 11(5) of the Act.
2. Whether you have ever been assessed by the department, If yes please submit following details

S.NO.	Assessment year	Amount Addition made	Brief description of the issue	Addition made under section	Whether appeal filed (Y/N)	If yes, current status of appeal

4.4 In response thereto, the applicant has furnished its reply on 21.05.2025. The applicant in its reply has stated the following :

“...Since the Society was not registered under section 12A/ 12AA of the Income-tax Act at the time of making the aforementioned investments, it did not claim exemption under section 11. Accordingly, the provisions of section 11(5), which prescribe the specified forms and modes for investment or deposit of money for institutions claiming exemption under section 11, are not applicable in the case of the Society...”

5. On perusal of the latest financial statements submitted by the applicant, it is seen that the applicant is still invested in BTL Impex

India Ltd. and SRS investment Ltd. The said investments are not in the forms or modes specified in section 11(5) of the Income Tax Act, 1961. The applicant had been registered u/s 12A from A.Y 2021- 22 to A.Y 2025-26 vide order dated 05.12.2022 and claiming exemption u/s 11 & 12 of the Income Tax Act while choosing to violate the necessary conditions.

6. Therefore, the application filed by the applicant in Form 10AB for grant of registration u/s 12A(1)(ac)(ii) of the Act is hereby rejected since the applicant is in violation of section 11(2) & 11(5) of Income Tax Act, 1961. This rejection will also supersede any registration granted u/s 12AB by any authority at any earlier time.

This is what leaves the assessee aggrieved who has filed the instant appeal before the tribunal.

3. We have given our thoughtful consideration to the assessee's and the Revenue's respective vehement submissions. The Revenue's sole substantive argument in support of the CIT(E)'s above extracted detailed discussion is that the assessee's investments made in the twin entities M/s. BTL Impex India Ltd. and M/s. SRS Investment do not satisfy the rigor of section 11(5) of the Act which disentitles it from claiming the impugned exemption.

4. The assessee, on the other hand, has taken us to its reply dated 21st May, 2025 submitted before the CIT(E) that its investments made in M/s. SRS Investment Ltd. was date back to the financial years 2013-14 to 2015-16 totalling to Rs.39,02,760/- and in M/s. BTL Impex India Ltd. on twin occasions of Rs. 4 lakhs

each; aggregating to Rs.8 lakhs, respectively had been made in financial years 2005-06 and 2006-07. The Revenue could hardly dispute that the assessee had never claimed any exemption regarding application of its funds under section 11 of the Act in all these foregoing financial years. This being the clinching position, we hereby conclude that the learned CIT(E) has erred in law and on facts in considering the assessee's above investments in the twin entities in question forming sole basis of rejecting its section 12AB registration. His/her impugned order refusing section 12A registration to the assessee is hereby reversed therefore. Ordered accordingly.

5. This assessee's appeal is allowed.

Order pronounced in the open court on 20th November, 2025

Sd/-
(S. RIFAUH RAHMAN)
ACCOUNTANT MEMBER

Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER

Dated: 20th November, 2025.

RK/-

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, New Delhi