

**IN THE INCOME TAX APPELLATE TRIBUNAL, 'D' BENCH
MUMBAI**

**BEFORE: SHRI AMIT SHUKLA, JUDICIAL MEMBER
&
SHRI ARUN KHODPIA, ACCOUNTANT MEMBER**

**ITA No.6500/Mum/2025
(Assessment Year :2019-20)**

DI-Mentions Studio LLP 8, Shankar Mahal Sophia College, Lane Off. B Desai Road Mumbai – 400 026	Vs.	ITO Assessment Unit Income Tax
PAN/GIR No.AAKFD6958J		
(Appellant)	..	(Respondent)

Assessee by	Shri Bhupendra Shah
Revenue by	Shri Annavarani Kosuri, Sr. AR
Date of Hearing	16/12/2025
Date of Pronouncement	23/12/2025

आदेश / O R D E R

PER AMIT SHUKLA (J.M):

The present appeal has been preferred by the assessee assailing the order dated 25 September 2025 passed by the National Faceless Appeal Centre, Delhi, arising out of the reassessment framed under section 147 read with section 144 of the Income-tax Act, 1961 for the assessment year 2019–20.

2. In the grounds of appeal, the assessee has primarily challenged the additions aggregating to ₹1,37,24,561/- on account of alleged professional fees and contract receipts, as

well as a further addition of ₹15,286/- representing interest income. It is an undisputed position on record that the assessment as well as the first appellate order have been passed ex parte, owing to non-representation on behalf of the assessee during the course of proceedings.

3. At the very outset, the learned counsel appearing for the assessee submitted that the non-attendance before the Assessing Officer as well as before the first appellate authority was neither deliberate nor contumacious, but was occasioned by circumstances wholly beyond the control of the assessee. It was pointed out that during the relevant period, there existed serious and acrimonious disputes between the partners of the assessee LLP, which culminated in arbitral proceedings before the Hon'ble Bombay High Court. In support of this submission, the learned counsel drew our attention to the documentary material placed in the paper book, particularly the judgment and order dated 18 November 2019 passed by the Hon'ble Bombay High Court in Arbitration Petition No. 1000 of 2019, evidencing the subsistence of inter se disputes amongst the partners. It was contended that due to this internal paralysis, the assessee was effectively rendered incapable of participating in the assessment and appellate proceedings.

4. It was further submitted that the assessee has now placed on record a comprehensive paper book containing, inter alia, the details of professional fees and contract receipts, particulars of interest income, audited statement of

profit and loss account, balance sheet, partners' capital accounts and other supporting documents. The learned counsel submitted that these materials go to the root of the additions made and have never been examined by the Assessing Officer due to the ex parte nature of the proceedings. An undertaking was also given that the assessee shall hereafter fully cooperate with the assessment proceedings and shall not seek unnecessary adjournments.

5. We have carefully considered the submissions made and perused the material available on record. It is evident that the assessment and appellate orders have been passed without the benefit of the assessee's explanation or supporting evidence. The existence of serious disputes between the partners, which were pending adjudication before the Hon'ble jurisdictional High Court, constitutes a plausible and bona fide explanation for the non-appearance of the assessee during the relevant period. In our considered opinion, these circumstances sufficiently demonstrate that the assessee was deprived of an effective opportunity of being heard.

6. It is trite law that adjudication under the Income-tax Act must conform to the fundamental principles of natural justice, and that no person should suffer adverse civil consequences without being afforded a reasonable opportunity to present its case. The power to assess carries with it the corresponding duty to ensure fairness in procedure. Where additions have been made solely on account of non-compliance, without examination of the

primary records and explanations now placed before us, the interests of justice would be better served by restoring the matter to the file of the Assessing Officer for fresh adjudication.

7. Accordingly, having regard to the totality of facts and circumstances, and without expressing any opinion on the merits of the additions made, we deem it appropriate to set aside the impugned order and restore the entire matter to the file of the Assessing Officer. The Assessing Officer shall adjudicate the issues afresh, in accordance with law, after granting due and reasonable opportunity of being heard to the assessee and after considering all such material and submissions as may be placed on record. The assessee is also directed to extend full cooperation in the proceedings.

8. In the result, the appeal of the assessee is allowed for statistical purposes.

Order pronounced on 23rd December, 2025.

Sd/-
(ARUN KHODPIA)
ACCOUNTANT MEMBER

Mumbai; Dated 23/12/2025
KARUNA, sr.ps

Sd/-
(AMIT SHUKLA)
JUDICIAL MEMBER

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent.
3. CIT
4. DR, ITAT, Mumbai
5. Guard file.

//True Copy//

BY ORDER,

(Asstt. Registrar)
ITAT, Mumbai