

**आयकर अपीलीय अधिकरण, हैदराबाद पीठ**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad 'SM' Bench, Hyderabad**

**श्री विजय पाल राव, उपाध्यक्ष एवं**  
**श्री मधुसूदन सावडिया, लेखा सदस्य के समक्ष ।**  
**BEFORE SHRI VIJAY PAL RAO, VICE PRESIDENT AND**  
**SHRI MADHUSUDAN SAWDIA, ACCOUNTANT MEMBER**

आ.अपी.सं / **ITA No.1375/Hyd/2025**  
(निर्धारण वर्ष / Assessment Year: 2022-23)

<b>M/s. Balaji Finance, Gadwal. PAN: AABFB7765N</b>	<b>Vs.</b>	<b>Income Tax Officer, Ward-1, Mahabubnagar.</b>
(Appellant)		(Respondent)
निर्धारिती द्वारा / Assessee by:		Shri A. Srinivas, C.A.
राजस्व द्वारा / Revenue by:		Shri Madhukar AVES, SR-DR
सुनवाई की तारीख / Date of hearing:		07/01/2026
घोषणा की तारीख / Pronouncement:		16/01/2026

**आदेश/ORDER**

**PER MADHUSUDAN SAWDIA, A.M. :**

This appeal is filed by M/s. Bajaj Finance ("the assessee"), feeling aggrieved by the order passed by the Learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi ("Ld. CIT(A)"), dated 07.03.2025 for the A.Y. 2022-23.

2. At the outset, it is seen that there is a delay of 89 days in filing the present appeal before this Tribunal, for which the assessee has filed a petition seeking condonation of delay along with an affidavit explaining the reasons for such delay. The Learned Authorised Representative (“Ld. AR”) submitted that the order of the Ld. CIT(A) was passed on 07.03.2025, whereas the assessee could file the appeal before this Tribunal only on 28.08.2025, resulting in a delay of 89 days. It was submitted that earlier the assessee had undergone angioplasty and during the relevant period, he suffered from stress and physical weakness. It was further submitted that in April 2025, the assessee was medically advised complete rest for a period of three months. In support of the said contention, a medical certificate issued by the treating doctor has been placed on record. The Ld. AR further submitted that immediately after the assessee’s health condition improved, he took steps to file the appeal and accordingly filed the present appeal before the Tribunal on 28.08.2025. It was contended that the delay in filing the appeal was neither deliberate nor intentional but occurred due to circumstances

beyond the control of the assessee. Reliance was placed on the decision of the Hon'ble Supreme Court in the case of Inder Singh vs. The State of Madhya Pradesh, Special Leave Petition (Civil) No. 6145 of 2024, dated 21.03.2025, in support of the prayer for condonation of delay. Accordingly, the Ld. AR prayed for condonation of the delay and admission of the appeal for adjudication on merits.

3. Per contra, the Learned Departmental Representative ("Ld. DR") objected to the condonation of delay, contending that no sufficient cause had been shown by the assessee for the delay and therefore, the condonation petition deserved to be rejected.

4. We have considered the rival submissions and perused the material placed on record. We find that the assessee has explained the delay by placing reliance on medical reasons, which are duly supported by a medical certificate. The explanation furnished by the assessee appears to be bona fide and reasonable. It is well settled that when substantial justice and technical considerations are pitted against each other, the cause of

substantial justice deserves to be preferred. In view of the facts and circumstances of the case and considering that the delay has not occurred due to any deliberate or negligent act on the part of the assessee, we are satisfied that sufficient cause has been shown for condonation of the delay. Accordingly, the delay of 89 days in filing the appeal is condoned, and the appeal is admitted for adjudication on merits.

5. The assessee has raised the following grounds of appeal :

- a) On the facts and in the circumstances of the case, the order of the Learned CIT A is erroneous and bad in law.
- b) On the facts and in the circumstances of the case, the learned officer grossly erred in disallowing indexed cost of land of Rs.23,01,420/- while computing the long-term capital gains.
- c) On the facts and in the circumstances of the case, the learned officer grossly erred in not considering the FMV of land as on 01/04/2001 of Rs.7,26,000/- which was acquired on 01/04/1998 for Rs.5,42,262 for the purpose of computation of capital gains.
- d) On the facts and circumstances of the case, the learned officer failed to appreciate that the land cost is never included in capital work in progress, since the land cost is always included and reported in fixed assets, in the books of account.

- e) On the facts and circumstances of the case, the learned officer failed to appreciate that the capital work in progress shown in the ITR for AY 2021-22 at Rs.1,50,45,312/- represents only cost of construction of the building incurred up to 31/03/2021 and does not include land cost of Rs.5,42,262/- which is separately included in fixed assets in the balance sheet/ books of account.
- f) Any other ground or grounds your appellant may urge at the time of hearing.

6. The brief facts of the case are that the assessee is a partnership firm engaged in the business of lending. The assessee filed its return of income for the assessment year 2022-23 declaring a total income of Rs.25,19,120/-. During the year under consideration, the assessee had sold one immovable property for a consideration of Rs.2,25,67,000/-. Out of the said sale consideration, the assessee had claimed indexed cost of acquisition of land at Rs.23,01,420/-, cost of construction incurred up to 31.03.2021 at Rs.1,50,45,312/- and cost of construction incurred during the year under consideration at Rs.46,22,024/-. Accordingly, the assessee had offered long-term capital gain of Rs.5,98,244/- on sale of immovable property. During the course of assessment proceedings, the Learned Assessing Officer ("Ld. AO") was of the view that the cost of

construction shown by the assessee up to 31.03.2021 at Rs.1,50,45,312/- also included the cost of land. On this premise, the Ld. AO disallowed the assessee's claim towards indexed cost of acquisition of land amounting to Rs.23,01,420/-. Consequently, the said amount was added to the long-term capital gains of the assessee. The assessment was completed by the Ld. AO under section 143(3) read with section 144B of the Income Tax Act, 1961 ("the Act") on 21.03.2024, assessing the total income of the assessee at Rs.48,20,540/-.

7. Aggrieved with the order of Ld. AO, the assessee carried the matter in appeal before the Ld. CIT(A), who affirmed the order of the Ld. AO and dismissed the appeal of the assessee.

8. Aggrieved with the order of Ld. CIT(A), the assessee is now in further appeal before this Tribunal. At the outset, the Ld. AR submitted that the solitary issue arising out of the grounds of appeal of the assessee relates to non-allowance of indexed cost of acquisition of land while computing long-term capital gains. It was submitted that the assessee had purchased the land on

01.04.1998 for a total cost of Rs.5,42,262/-, on which construction cost of Rs.1,50,45,312/- was incurred up to 31.03.2021, and a further sum of Rs.46,22,024/- was incurred during the year under consideration. The Ld. AR submitted that the Ld. AO allowed only the cost of construction incurred on the land but, on an erroneous assumption that the cost of acquisition of land was included in the construction cost of Rs.1,50,45,312/-, disallowed the indexed cost of acquisition of land. In this regard, the Ld. AR invited our attention to the balance sheet of the assessee as on 31.03.2021, placed at page no.47 of the paper book, and submitted that the amount of Rs.1,50,45,312/- represents only the construction cost incurred up to that date. The Ld. AR further drew our attention to the head "Assets as per list (OB)" in the balance sheet, wherein a sum of Rs.42,79,733/- is reflected. Referring to page no. 51 of the paper book, the Ld. AR demonstrated that the said figure under the head "Assets as per list (OB)" includes, inter alia, the cost of plot at Pulla Thotha, Gadwal, amounting to Rs.5,42,262/-, thereby clearly showing that the cost of land is separately reflected and is not included in the

construction cost of Rs.1,50,45,312/-. The Ld. AR further reconciled these figures with the income-tax return of the assessee filed for the assessment year 2021-22 and invited our attention to the application of funds section of the return placed at page no. 44 of the paper book, wherein under the head "Capital Work-in-Progress", a balance of Rs.1,50,45,312/- as on 31.03.2021 is reflected, which is nothing but the cost of construction incurred by the assessee till 31.03.2021. It was further submitted that under the net block of assets, the assessee has shown an amount of Rs.43,34,278/-, which comprises amounts of Rs.42,79,733/- towards "Assets as per list (OB)", Rs.1382/- towards furniture, Rs.15,851/- towards Hero Honda Motor Cycle 1, Rs.15,851/- towards Hero Honda Motor Cycle 2 and Rs.21,461/- towards Hero Honda Motor Cycle 3, as replaced in the Balance Sheet as on 31.03.2021. From these figures, it was contended that the cost of land is not included in the figure of Rs.1,50,45,312/-, as assumed by the Ld. AO. The Ld. AR further submitted that since the land was purchased prior to 01.04.2001, as per the provisions of section 55(2)(b)(i) of the Act, the fair

market value as on 01.04.2001, amounting to Rs.7,26,000/-, is required to be adopted as the cost of acquisition. On this basis, the indexed cost of acquisition for the year under consideration works out to Rs.23,01,420/-, which is eligible for deduction while computing long-term capital gains. Accordingly, it was submitted that the addition made by the Ld. AO deserves to be deleted.

9. Per contra, the Ld. DR relied upon the orders of the lower authorities.

10. We have considered the rival submissions and perused the material available on record. The only issue before us is to decide whether the indexed cost of acquisition of land is available as deduction from the sale consideration of the immovable property for the purpose of calculation of long-term capital gains or not. Before us, the Ld. AR has submitted that the Ld. AO on an erroneous assumption that the cost of acquisition of land was included in the construction cost of Rs.1,50,45,312/-, has disallowed the indexed cost of acquisition of land while calculating the income from sale of immovable property. In this

regard, we have gone through the balance sheet of the assessee as on 31.03.2021 placed at page no.47 and the details of “Assets as per list (OB)” placed at page no. 51 of the paper book, which is to the following effect :

<b>M/s.Balaji Finance</b>			
<b>Shop. No.19, New Gunj,</b>			
<b>Gadwal - 509 125.</b>			
Assessment Year : 2021 - 2022			
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<b><u>BALANCE SHEET AS ON 31-03-2021.</u></b>			
<b>LIABILITIES</b>	<b>Rs.</b>	<b>ASSETS</b>	<b>Rs.</b>
Sri Venkateshwara Swamy (Diety)	4,289.89	Furniture Account	1,382.00
Sri Kasi Vishweshwara Swamy (Diety)	59.60	Hero Honda Motor Cycle 1	15,851.00
		Hero Honda Motor Cycle 2	15,851.00
		Hero Honda Motor Cycle 3	21,461.00
<b>Partners Capital Accounts:-</b>			
K Vijaya Bhasker Reddy (HUF) (P)	17,68,959.97	Telephone Deposit (OB)	3,000.00
C.Seetharami Reddy (INDL) (P)	15,22,679.35		
C.Laxmikantha Reddy (INDL) (P)	13,79,390.71	Loans (GF)	1,14,28,000.00
R.R. Surender Babu (INDL) (P)	34,91,355.82		
Loan Deposits as per list	2,26,12,726.01	Srinath Share Consultancy (OB)	63,000.00
		Sanghi Spinners Shares (OB)	99,000.00
T.D.S Dt:29.04.2021		Construction Account	
SBI., Gadwal	1,34,021.00	ar Krishna Bhupal Colony, Gadwal	1,50,45,312.16
R.R. Sateesh Kumar, (HUF) Gadwal	2,72,610.00	Interest Receivable	1,25,000.00
		Assets as per List (OB)	42,79,733.00
		<b>CASH AT BANKS:-</b>	
		SBI., Gadwal (Current account)	
		A/C NO.52121325131	
		IFSC NO.SBIN0020185	47,630.39
		Sangameshwara Grameena Bank,	
		Gadwal. A/C.No.1091004397	
		IFSC NO.SBIN0RRAPGB (OB)	6,000.00
		Cash in hand	2,34,871.80
	<u>3,13,86,092.35</u>		<u>3,13,86,092.35</u>

Sl No.	DETAILS OF ASSETS	Rs.
1	M/s.Madhupala Real Estates (OB)	20,18,700.00
2	Plot at Dorabavi Totha Latha Bhupal (OB)	96,980.00
3	Plot at Dorabavi Totha Latha Bhupal (OB)	96,980.00
4	Agriculture land (OB)	1,52,910.00
5	Agriculture land at Narsoddodi ( C.Savaranha ) (OB)	1,25,070.00
6	Agriculture land. Gadwal (OB)	6,05,761.00
7	Plots at Pula Thotha, Gadwal (OB)	5,42,262.00
8	Agriculture land ( Ram Reddy )	1,38,910.00
9	Agriculture land ( Shiva Shankar Goud )	1,60,160.00
10	Plot No.73, Sy No.934 at Gadwal ( G.Venkateshwar Reddy )	1,71,000.00
11	Plot No.74, Sy No.934 at Gadwal ( G.Venkateshwar Reddy )	1,71,000.00
Total:-		<u>42,79,733.00</u>

11. We have also gone through the relevant portions of the income-tax return filed by the assessee for the assessment year 2021-22, placed at page no.44 of the paper book, which is to the following effect :

B		Application of funds		
	I	Fixed assets		
	a	Gross Block	Ia	43,43,813
	b	Depreciation	Ib	9,535
	c	Net Block (a - b)	Ic	43,34,278
	d	Capital work-in-progress	Id	1,50,45,312
	e	Total (Ic + Id)	Ie	1,93,79,590

12. On perusal of all the above documents, it appears that the cost of land is separately reflected in the balance sheet and is not

included in the figure of Rs.1,50,45,312/-, which represents the cost of construction incurred up to 31.03.2021. However, since this aspect requires verification from the underlying records and supporting documents, we are of the considered view that the matter needs to be examined afresh by the Ld. AO. Accordingly, we set aside the issue to the file of the Ld. AO with a direction to verify from the relevant documents whether the cost of land is included in the construction cost of Rs.1,50,45,312/-. If, upon such verification, the Ld. AO finds that the cost of land is not included in the said figure, he shall allow deduction of the cost of land and grant indexed cost of acquisition in accordance with law while computing long-term capital gains. The Ld. AO shall afford reasonable opportunity of being heard to the assessee before deciding the issue afresh. Thus, the issue is restored to the file of the Ld. AO for fresh adjudication in accordance with law.

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

**Order pronounced in the open Court on 16<sup>th</sup> Jan., 2026.**

**Sd/-**

**(VIJAY PAL RAO)  
VICE PRESIDENT**

**Sd/-**

**(MADHUSUDAN SAWDIA)  
ACCOUNTANT MEMBER**

Hyderabad,

Dated: 16.01.2026.

\* Reddy gp

**Copy of the Order forwarded to :**

1.	M/s. Balaji Finance, Shop No.19, New Gunj, Gadwal-509 125 Mahabubnagar District.
2.	The ITO, Ward-1, Mahabubnagar.
3.	Pr.CIT, Hyderabad.
4.	DR, ITAT, Hyderabad.
5.	Guard file.

BY ORDER,