

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

**BEFORE: SHRI AMIT SHUKLA, JUDICIAL MEMBER
&
SHRI MAKARAND VASANT MAHADEOKAR,
ACCOUNTANT MEMBER**

**ITA No.6269/Mum/2025
(Assessment Year :2014-15)**

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| Mr. Lalchand Shankarlal Sharma Row House No.10, Flower Valley Complex CHS, Opp. Viviana Mall Eastern Express Highway Thane (W), Maharashtra- 400 601 | Vs. | Income Tax Officer, Ward 1(4), Thane |
| PAN/GIR No.BCNPS2755L | | |
| (Appellant) | .. | (Respondent) |

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| Assessee by | Shri Neelkanth Khandelwal, Virtually appear |
| Revenue by | Shri Surendra Mohan, Sr. DR |
| Date of Hearing | 20/01/2026 |
| Date of Pronouncement | 21/01/2026 |
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आदेश / O R D E R

PER AMIT SHUKLA (J.M):

The present appeal has been preferred by the assessee against the order dated 08/09/2025 passed by the National Faceless Appeal Centre, Delhi, in respect of the quantum assessment framed under section 143(3) read with section 144C of the Income Tax Act, 1961, for the Assessment Year 2014-15. The solitary grievance raised by the assessee

pertains to the addition of ₹4,13,18,753/- made by the Assessing Officer on account of an increase in the capital account, which addition has been sustained by the learned CIT(A) primarily on account of non-furnishing of requisite evidences and lack of explanation regarding the nature and source thereof.

2. Briefly stated, the factual matrix reveals that during the relevant previous year, the Assessing Officer noticed a substantial increase in the assessee's capital account to the tune of ₹4,13,18,753/-. Upon being called upon to explain the nature and source of this increase, the assessee could not place comprehensive material on record before the Assessing Officer. The assessee, however, furnished a brief note explaining that he had been suffering from multiple ailments over the past ten years, which necessitated repeated hospitalisations and had resulted in severe mental and emotional distress. It was pleaded that on account of such prolonged medical exigencies, he was not in a position to effectively participate in the assessment proceedings or to marshal and present the relevant documentary evidences either before the Assessing Officer or subsequently before the first appellate authority.

3. In his limited explanation, the assessee submitted, inter alia, that: (i) a payment of ₹1,00,00,000/- made towards a Shirdi Hotel project had been reflected as an addition in capital; (ii) a payment of ₹3,47,00,000/- towards a property at Shirdi had been routed through business accounts, and further, that an amount of ₹1,00,00,000/- paid in Financial

Year 2012–13 had not been accounted for in that year, which omission was rectified in Financial Year 2013–14 by booking the same through the capital account; and (iii) the assessee was regularly providing services to Vodafone India Ltd., and due to non-receipt of records in time, the outstanding debtor balances pertaining to Financial Year 2012–13 had not been reflected in the balance sheet for Assessment Year 2013–14, which were subsequently introduced in Financial Year 2013–14 through capital. It was asserted that all sales to Vodafone India Ltd. had been duly recorded and that there was no concealment of income in Financial Year 2012–13.

4. The learned CIT(A), while adjudicating the appeal, called upon the assessee to furnish certain foundational documents, namely, (a) bank statements; (b) purchase deed of the property; (c) audited financial statements; and (d) source of payment made for the purchase of the property. It is a matter of record that no further material or explanation was placed before the learned CIT(A) despite such requisitions. In the absence of any documentary substantiation and in want of a satisfactory explanation regarding the nature and source of the capital introduction, the learned CIT(A) dismissed the appeal, sustaining the addition made by the Assessing Officer.

5. Before us, the learned counsel for the assessee reiterated the peculiar and compelling personal circumstances of the assessee, emphasising that due to urgent medical and personal exigencies, the assessee was genuinely prevented from placing the requisite documents

before the lower authorities. It was submitted that all the relevant documents, including bank statements, purchase deeds, audited financials, and evidences explaining the source of payments and capital introduction, are now available and can be furnished. On this premise, it was earnestly prayed that, in the interest of justice and fair play, the matter be restored to the file of the learned CIT(A) for fresh adjudication on merits after taking into consideration the additional evidences sought to be produced by the assessee.

6. The learned Departmental Representative, on the other hand, fairly submitted that he has no serious objection if the matter is remanded to the file of the learned CIT(A), provided that adequate opportunity is afforded to the Revenue to verify the additional evidences and to place its rebuttal, if any, on record.

7. We have carefully considered the rival submissions, perused the material available on record, and examined the impugned order in the light of the factual and legal contours of the case. It is evident that the addition in question has been sustained primarily for want of evidences and in the absence of a satisfactory explanation regarding the nature and source of the capital introduced. It is equally apparent that the assessee has pleaded circumstances of a compelling and exceptional nature, namely, prolonged illness and medical exigencies, which, according to him, inhibited his ability to participate effectively in the assessment and

appellate proceedings and to place the relevant documents on record.

8. It is well settled that appellate proceedings are intended to advance the cause of substantive justice and not to be defeated by technical or procedural lapses. Where an assessee offers a plausible and bona fide explanation for non-production of material evidence before the lower authorities, and such evidence goes to the very root of the controversy, the same deserves consideration in the interest of fair adjudication. The right to place relevant material on record cannot be rendered illusory merely because of earlier defaults, particularly when the controversy has not yet been examined on merits on the basis of complete facts.

9. In the present case, having regard to the nature of the addition, the explanations proffered by the assessee, the plea of medical and personal hardship, and the fact that the learned Departmental Representative has not opposed the restoration of the matter, we are of the considered view that the ends of justice would be adequately met if the issue is remanded to the file of the learned CIT(A) for a fresh and comprehensive adjudication on merits. This would also ensure that both parties are afforded a fair and reasonable opportunity to place their respective cases on record and that the controversy is resolved on the basis of cogent evidence rather than on account of procedural lapses.

10. Accordingly, we set aside the impugned order of the learned CIT(A) on this limited issue and restore the matter to

his file with a direction to admit and examine the additional evidences sought to be produced by the assessee, to afford due opportunity of hearing to both the assessee and the Revenue, and thereafter to adjudicate the issue afresh on merits in accordance with law by passing a speaking and reasoned order.

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

Order pronounced on 21st January, 2026.

**Sd/-
(MAKARAND VASANT
MAHADEOKAR)**

ACCOUNTANT MEMBER

Mumbai; Dated 21/01/2026
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