

IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCH "A", PUNE

BEFORE SHRI MANISH BORAD, ACCOUNTANT MEMBER
AND
SHRI VINAY BHAMORE, JUDICIAL MEMBER

आयकर अपील सं. / ITA No.773/PUN/2024
निर्धारण वर्ष / Assessment Year : 2017-18

Income Tax Officer, Dhule Circle.	Vs.	Dharatidhan Fertilizers Limited, 90, Nakane Road, Adarsh Colony, Near State Bank of India, Dhule- 424001. PAN : AABCD4135B
Appellant		Respondent

Revenue by : Shri Bharat Andhale (Virtual)
Assessee by : None

Date of hearing : 01.12.2025
Date of pronouncement : 09.02.2026

आदेश / ORDER

PER VINAY BHAMORE, JM:

This appeal filed by the Revenue is directed against the order dated 21.02.2024 passed by Ld. CIT(A)/NFAC for the assessment year 2017-18.

2. The Revenue has raised the following grounds of appeal :-

"1. *Though the assessee has neither made any compliance during assessment nor during appellate proceedings, the Ld CIT(A) has*

adjudicated the appeal in favour of the assessee accepting the claim of the assessee that this is the case of shifting of ledger from one head to another head i.e. from unsecured loans to share capital account. Thus, on the facts and in the circumstances of the case and in law, the Learned Commissioner of Income Tax (A), NFAC has erred in passing an order accepting the claim of the assessee.

2. *Whether on the facts and in the circumstances of the case and in law the Ld. CIT (A) (NFAC) has erred in observing that the sum of Rs.82,85,700/- should not be treated as income of the appellant for the A.Y.2017-18. The case had been selected in scrutiny under CASS for AY 2017-18 only and not for earlier assessment years and thus the amount has been added in for the AY 2017-18.*
3. *As per records available in this office, it is seen that part A-BS (Balance Sheet) of the ITR for the AY 2017-18, Rs. 82,85,700/- has been shown as share application money pending for more than one year. Thus, in absence of compliance, the then AO has correctly added the same to the total income of the assessee as the same shall be treated as the share application money as cessation of liability of the assessee company.*
4. *During the assessment proceedings the assessee was asked to furnish names, addresses and PAN details of the shareholders and details of application share application of money which is pending for allotment for more than one year along with complete details of the sources from which it has been received. The onus lies with the assessee to explain the identity, creditworthiness and genuineness, however the assessee has not discharged his obligation. In absence of any documentary evidences the then AO left with no option but to treat the same as unexplained money and thus the AO had correctly added the amount under the head "Income from other sources".*
5. *Issuer company allows its securities in a span of 60 days from the date of receiving the application money for such securities and if the company is not able to allot securities within the given time, it has to refund the application money to the subscribers within 15 days after the completion of sixty days. In case the company fails to repay the application money within the stated period, it would be liable to refund the money with interest at the rate of 12% per annum from the expiry of the 60th day. However, the assessee company failed to do so and thus the claim of the assessee may not be accepted.*

6. *Further, even the identity of the creditor was not established and actual receipt of money from such creditor had not been proved by the assessee neither during assessment nor during appellate proceedings.”*

3. Facts of the case, in brief, are that the assessee is a company and has furnished its return of income on 06.11.2017 by declaring total income of Rs.Nil/ loss of Rs.29,84,623/-. The return was processed u/s 143(1) of the IT Act. Subsequently, the case was selected for scrutiny under CASS and statutory notices u/s 143(2) and 142(1) respectively were issued to the assessee. The assessee not responded to any of the notices and questionnaire, therefore the Assessing Officer completed the assessment u/s 143(3) of the IT Act by determining income at Rs.82,85,700/- as against the income/loss of Rs.29,84,623/- returned by the assessee. The above assessed income includes addition of Rs.82,85,700/- being amount of share application money pending for allotment for more than one year appearing in the balance sheet.

4. Being aggrieved with the above assessment order, the assessee preferred an appeal before Ld. CIT(A)/NFAC. Since the assessee remained absent, Ld. CIT(A)/NFAC decided the appeal *ex-parte*, however in favour of the assessee by observing as under :-

“4. During the appellate proceeding, notices for hearing were issued on 08.01.2021, 29.07.2023, 05.09.2023, 04.10.2023, 31.10.2023, 10.11.2023, 29.11.2023 01.01.2024 and 06.02.2024 for furnishing submissions and evidences in support of grounds of appeals. However, appellant did not file any reply or submission till date in response to any of the notices. Under the circumstances, the appeal is being disposed off as per material available on record.

5. Decision: - The grounds of appeal, statement of facts and the assessment order have been duly considered. The issue for consideration in the appeal is addition made on account of share application money pending for more than one year.

5.1 The case of the appellant was selected for limited scrutiny under CASS to examine the large share application money pending for more than one year as compared to preceding year. AO observed that in balance sheet as on 31.03.2017 (i.e. relevant to A.Y.2017-18) appellant has shown an amount of Rs.82,85,700/- under the head ‘share application money pending allotment for more than one year’. Despite of being given various opportunities to submit the details regarding ‘share application money’, appellant did not make any compliance. In absence of any explanation from the appellant, AO treated the entire amount of Rs.82,85,700/- as unexplained income and added to income of the appellant for the year under consideration.

5.2 In ‘grounds of appeal’, appellant contended that in the year 2011-12 it had received unsecured loan of Rs.82,85,700/- from Suman Logistics Pvt Ltd and in exchange of same shares of Rs.82,85,700/- were to be allotted to said party. Appellant submitted that amount received from said party was lying in ‘share application money account’ since then. This is the case of shifting of ledger from one head to another head i.e. from unsecured loans to share capital account. Appellant further stated that there is no provision in Income Tax Act as per which ‘share application money pending for more than one year’ is liable to tax.

5.3 I have carefully perused the balance sheet as on 31.03.2017 (i.e. relevant to A.Y.2017-18) wherein appellant has shown an amount of Rs.82,85,700/- under the head ‘share application money pending allotment for more than one year’. Further, verification of balance sheet as on 31.03.2016 (i.e. relevant to A.Y.2016-17) reveals that the appellant has shown same amount under the same head. It implies that the impugned amount of Rs.82,85,700/- was received by appellant prior to F.Y.2016-17. AO has not brought on records any materials facts which suggest that how the sum of Rs.82,85,700/- should be treated as income of the appellant for the A.Y.2017-18. In fact, this is the case where appellant offered no explanation for the sum of Rs.82,85,700/-

which was received in earlier year and for which addition cannot be made in the current year. Hence, AO is not justified in treating the same as unexplained income of the appellant for the year under consideration (i.e. A.Y.2017- 18). In view of the above, I direct the AO to delete the addition. Grounds of appeal are allowed.

6. *In the result, appeal is allowed.”*

5. It is the above order against which the Revenue is in appeal before this Tribunal.

6. When the appeal was called for hearing, neither anybody appeared on behalf of the appellant-assessee nor any application for adjournment was filed before the Bench. On perusal of the order sheet, we find that on earlier nine occasions, the assessee remained absent and when Ld. DR was directed to serve the notices upon the assessee, the assessee was found not traceable. Therefore, we proceed to decide the appeal on the basis of material available on record as well as after hearing Ld. DR.

7. We have heard Ld. DR and perused the material available on record. In this regard, we find that Ld. CIT(A)/NFAC has decided the appeal *ex-parte*, however allowing the relief to the assessee by observing that the impugned amount of Rs.82,85,700/- was not received during the year under consideration. We find that the Department is aggrieved with the fact that even in the absence of the

assessee and also in the absence of any clarification from the side of the assessee, Ld. CIT(A)/NFAC has allowed the appeal of the assessee.

8. Considering the totality of the facts of the case, we find force in the above arguments of Ld. DR and accordingly, we deem it appropriate to set-aside the order passed by Ld. CIT(A)/NFAC and remand the matter back to the Jurisdictional Assessing Officer to pass assessment order afresh and as per fact and law after providing reasonable opportunity of hearing to the assessee. Needless to say that the Jurisdictional Assessing Officer shall verify the fact of reopening of case of assessment year 2016-17 on the same ground and also verify the fact that the impugned amount of Rs.82,85,700/- was received during the year or not. The assessee is also hereby directed to respond to the notices issued by the Jurisdictional Assessing Officer in this regard and to produce relevant documents/evidences/submissions, if any, in support of its claim without taking any adjournment under any pretext, otherwise the Jurisdictional Assessing Officer shall be at liberty to pass appropriate orders as per law. Thus, the grounds of appeal raised by the Revenue are allowed for statistical purposes.

9. In the result, the appeal filed by the Revenue is allowed for statistical purposes.

Order pronounced on this 09th day of February, 2026.

Sd/-
(MANISH BORAD)
ACCOUNTANT MEMBER

Sd/-
(VINAY BHAMORE)
JUDICIAL MEMBER

पुणे / Pune; दिनांक / Dated : 09th February, 2026.

Sujeet

आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr. CIT concerned.
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "A" बेंच, पुणे / DR, ITAT, "A" Bench, Pune.
5. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

Assistant Registrar
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune.