

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

**BEFORE SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER
AND
SHRI SUDHIR KUMAR JUDICIAL MEMBER**

**ITA No. 4731/DEL/2024
(Assessment Year : 2014-15)**

ITO, DELHI,
ROOM NO. G-11A, C.R. BLDG.,
I.P. ESTATE, NEW DELHI

(APPELLANT)

vs. GOVERDHAN TRANSPORT
COMPANY PVT. LTD.,
B/2, TYAGI VIHAR,
NAGLOI, DELHI – 41
(PAN: AADCG0663R)
(RESPONDENT)

ASSESSEE BY : Ms. Rano Jain, Adv., Sh. Pranshu Singhal,
Adv., Ms. Mani Jain, Adv. & Sh. Tanishq
Ahuja, Adv.
REVENUE BY : Sh. Rajesh Kumar Dhanesta, Sr. DR.

Date of Hearing : 24.02.2026
Date of Order : 20.03.2026

ORDER

PER SUDHIR KUMAR, JM :

This appeal is preferred by the Revenue against the order of National Faceless Appeal Centre (NFAC), Delhi dated 12.2.2024 for AY 2014-15. Assessment in this case was framed by the DCIT, Circle 10(1), New Delhi for the assessment year 2014-15 u/s. 143(3) of the Act. The Revenue has raised the following grounds:-

1. Whether on the facts and circumstances of the case, the ld. CIT(A)

has erred in allowing relief to the assessee in deleting the addition of Rs. 6,35,58,000/- u/s. 68 of the Act being unexplained credits in the books of accounts of the assessee in the guise of share application money.

2. Whether on the facts and circumstances of the case, the CIT(A) has erred in allowing relief to the assessee by not examining the source of the investors of the assessee company which was cash deposits in bank account of third party and gift received from other relatives.

2. The brief facts of the case are that assessee filed return of income declaring an loss of Rs. 2,81,25,613/- on 28.11.2015. During the course of assessment proceedings from the perusal of the Financial Statements it is observed that Equity shares amounting to Rs. 6.66 crores were issued by the assessee company in the assessment year under consideration. AO noted that the assessee in the instant case failed to prove the creditworthiness of the share subscribers and genuineness of the said transactions. AO treated the said transactions as bogus and sham and mere accommodating entries and thus the said amount of Rs. 6,66,00,000/- is treated as unexplained cash credits of the assessee u/s. 68 of the Act and added the same to the income of the assessee. Against the above, assessee preferred the appeal before the Ld. CIT(A), who vide his order dated 12.8.2024 has partly allowed the appeal

of the assessee by sustaining the addition of Rs. 30.42 lacs, against the total addition made of Rs. 666.00 lacs made u/s. 68 of the Act. Aggrieved, Revenue is in appeal before the Tribunal.

3. During the hearing, Ld. AR for the assessee submitted that the only issue in this case is the addition on account of share capital of Rs. 6,66,00,000/- received by the assessee company from 36 share holders made by the AO u/s. 68, which was deleted by the CIT(A). It is also submitted that this is not the share application money, but the shares have been duly allotted to all the shareholders. Most of these share holders were existing shareholders in the company. The AO issued notice u/s. 131(1) to all the shareholders out of which 15 shareholders could not appear, as mentioned at page no. 4 of the assessment order. The shareholders who appeared before the AO got their statements recorded and those who could not appear had replied with documentary evidences. It is also submitted that none of the shareholders were in any relation to the assessee company be it employees or in any other capacity. It is further submitted that with respect to the issue of cash being deposited in the bank account of third party, as the issue has been raised by the department, it is submitted that in no case the shareholders have given money out of cash deposited in their bank accounts. However, there are few instances in which cash has been deposited in the bank account of the persons from whom the shareholders have received the money (source of source). Since the assessee had

filed voluminous documents before CIT(A), in the appeal filed by the department, we are filing the documents which were given to the CIT(A) who had sent all these documents to the AO in the remand proceedings, on sample basis in order to mitigate the allegation made on behalf of the department.

4. On the other hand, Ld. DR relied upon the order of the AO and stated that AO issued summons u/s. 131 of the Act during the assessment proceedings to examine identity, genuineness and creditworthiness, however, same was not happened. Even during the remand proceeding mostly summon not served and even not these parties presented / attended before the AO. However, CIT(A) allowed / deleted the addition only paper/return etc. filed by the assessee. CIT(A) totally ignored that 131 summon still not responded therefore, onus not proved. He further submitted that Ld. CIT(A) not examined the source of the investors in bank account of third party and gift received from other relatives.

5. We have heard the rival contentions and perused the records. We find that only issue in this case is the addition on account of share capital of Rs. 6,66,00,000/- received by the assessee company from 36 share holders made by the AO u/s. 68, which was partly deleted by the CIT(A). In this case the shares have been duly allotted to all the shareholders and most of these share holders were existing shareholders in the company. The AO issued notice u/s. 131(1) to all the shareholders out of which 15 shareholders could not appear, as mentioned at page

no. 4 of the assessment order. The shareholders who appeared before the AO got their statements recorded and those who could not appear had replied with documentary evidences. With respect to the issue of cash being deposited in the bank account of third party, as the issue has been raised by the department, it is noticed that in no case the shareholders have given money out of cash deposited in their bank accounts. However, there are few instances in which cash has been deposited in the bank account of the persons from whom the shareholders have received the money (source of source). Since the assessee had filed voluminous documents before CIT(A and the said documents were given to the CIT(A) who had sent all these documents to the AO in the remand proceedings, on sample basis in order to mitigate the allegation made on behalf of the department. Before us, Ld. AR has filed a Paper Book containing pages 1-141 having the copy of reply to summons u/s. 131 alongwith their supporting documentary evidences viz. acknowledgement of ITR; Bank statement showing transfer of funds; ID proof; details of source etc. in respect of Ms. Reena – Rs. 51,00,000/-; Sanjay Kumar – Rs. 11,50,000/- Karam Singh – Rs. 35,32,000/-; Meenakshi – Rs. 27,00,000/-. We further note from the assessment order that AO has found the source of money in the hands of the share applicant to be not satisfactory either on account of non-submission of some document /evidence or on account of cash deposit in the bank account of “source of source” just prior to payment by “such source of source”

person to the “source” person of the assessee. It is also noted that assessee has submitted copies of sale receipts / sale deeds in the cases where the “source of source” has received money against sale of asset/ immovable property in case of receipt of money out of maturity of fixed deposit, the copies of bank statement were submitted, in case of loan / gift received by the source of source, the gift declaration / loan confirmations have been submitted, in respect of generation of cash income by source of source from agriculture, copies of land records have been submitted. We note that Ld. CIT(A) has relied upon the various decisions including the decision of the Hon’ble Delhi High Court in the case of CIT vs. NR Portfolio Pvt. Ltd. (2013) 96 DTR 281/86 CCH 164 (Del) 22.11.2013 AY 2002-23 and 2003-04 ITA No. 1018/2011 and 1019/2011 and the Hon’ble Supreme Court in the case of Lovely Exports 216 CTR 295 wherein, it has been held that *“Can the amount of share money be regarded as undisclosed income under section 68 of the Income Tax Act, 1961? We find no merit in this special leave petition for the simple reason that if the share application money is received by the assessee company from alleged shareholders, whose names are given to the AO, then the Department is free to proceed to reopen their individual assessments in accordance with law. Hence, we find no infirmity with the impugned judgement”*. In view of above discussions and binding precedents, as aforesaid, we do not find any infirmity in the order of the Ld. CIT(A), hence, we uphold the same and reject

the grounds raised by the Revenue.

6. In the result, the appeal filed by the Revenue is dismissed.

Order pronounced in the open court on this 20th day of March, 2026.

Sd/-

**(S. RIFAUR RAHMAN)
ACCOUNTANT MEMBER**

Sd/-

**(SUDHIR KUMAR)
JUDICIAL MEMBER**

Dated : 20.03.2026

SRBHATNAGGAR

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals), New Delhi.
5. DR: ITAT

**ASSISTANT REGISTRAR
ITAT, NEW DELHI**