

**IN THE INCOME TAX APPELLATE TRIBUNAL
“A” BENCH, DELHI**

**BEFORE SHRI ANUBHAV SHARMA, JUDICIAL MEMBER &
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

**ITA No.3160/Del/2024
(Assessment Year: 2014-15)**

ITO, Ward -20(1) Room No.-218, CR Building, New Delhi – 110002	Vs.	Prem Softech Private Ltd. Udyog Vihar, 90B, Phase-4, Udhyog Vihar Gurugram, Haryana – 122015
स्थायीलेखासं./जीआइआरसं./PAN/GIR No: AABCK7859H		
Assessee	..	Respondent

Assessee by :	Sh. Manish Jaggi, Director
Respondent by :	Sh. Ajay Kumar Arora, Sr. DR

Date of Hearing	04.02.2026
Date of Pronouncement	11.02.2026

ORDER

PER ANUBHAV SHARMA, JM:

This appeal preferred by the Revenue against the order dated 27.05.2024 of Ld. National Faceless Appeal Centre (NFAC) (hereinafter referred to as the First Appellate Authority or ‘the ld. FAA’ for short) in DIN

& Order No : ITBA/NFAC/S/250/2024-25/1065163123(1) arising out of the assessment order dated 29.03.2022 u/s 147r.w.s 144 read with section 144B of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') passed by NFAC, Delhi for AY: 2014-15.

2. The assessee is a private limited company and the case of the assessee was reopened on the basis that assessee had not disclosed interest income and contractual receipts and allegedly investment in mutual funds were also not disclosed.

3. During the course of assessment proceedings, on perusal of the ITR submitted by the assessee, the AO found that the assessee derived Interest Income of Rs.11,601/- and TDS of Rs.1,161/- was deducted u/s 194A of the Act by Punjab National Bank. Further, it was also noted that the assessee has received aggregate Contractual Receipts of Rs.1,86,690/- and TDS of Rs.3,733/- has been deducted u/s 194C of the Act. As the assessee was not able to provide details/evidences for Contract Receipts of Rs.1,86,690/- @ 8% profit was estimated on contract receipts of Rs.1,86,690/- worked out into Rs. 14 935/-.

4. Regarding the investment in Mutual Funds for a sum of Rs.12,30,00,000/, the assessee stated that they have received this sum towards software development from Prem Power Construction (P) Limited and that was only invested in mutual funds. However, this reply was not accepted by the AO as the assessee failed to substantiate the claim with other supporting documents. The assessee in its submission before the AO mentioned that it has earned Rs.14,86,177/-from Investment in Mutual Funds. Hence, the AO completed the assessment u/s 147 r.w.s. 144 of the IT Act on 29.03.2022 by treating Rs.12,30,00,000/- as unexplained investment and Rs.14,87,177/ as income from other sources. He assessed the total income of the assessee at Rs.12,45,13,710/-.

5. The addition were deleted by Ld. CIT(A) making following observations:

“7.2 On merit, the unexplained investment added by the AO is not found correct. The assessee has submitted all the clarifications with bank statement, mutual fund statement, copies of the financials of Prem Construction (P) Limited etc The assessee explained that the funds received from Prem Power Construction was invested in the Mutual Fund and that has been repaid in the same year As per the assessee, the entire advance has been repaid within the same FY and hence it is not reflecting in the balance sheet of Prem Power Construction. The Bank account copies, Mutual Fund investment, Dividend earned etc were submitted. These material evidences were produced before the AO and

also during the course of appeal. Hence it cannot be considered as unexplained investment. The AO is directed to delete the addition of unexplained investment as the assessee sufficiently explained the transaction and sources of fund during the course of assessment proceedings as well as appeal proceedings.”

4. Being aggrieved with the order of Id. CIT(A) the revenue is in appeal before us and has raised following grounds:

- “1. Whether on the facts and circumstances of the case, the Ld. NFAC erred in admitting the additional evidences without calling for remand report from the assessing officer, as per rule 46A of the Income-tax Rules.
2. Whether on the facts and circumstances of the case, the Ld. NFAC erred in deleting the addition of Rs. 12.30 crores made by the AO without verifying the nature of funds received by the assessee company, which the assessee claimed to be for software development when it does not have capabilities to undertake such a project.
3. Whether on the facts and circumstances of the case, the Ld. NFAC erred in deleting the addition of Rs. 12.30 crores made by the AO without verifying the creditworthiness of the lender to advance such a huge sum to the assessee company.
4. The assessee craves, leave or reserving the right to amend, modify, add of forego, alter or amend any grounds) of appeal raised above at the time of hearing of this appeal.”

5. The Id. DR has primarily contended that additional evidence were admitted in violation of Rule 46A of the Income Tax Rules and on merits it was submitted that assessee company had claimed to have received funds for software development when it actually did not have capabilities to undertake

such a project while the director was assessee company appearing in present defended the order of ld. CIT(A).

6. After taking into consideration the facts and circumstances emanating from the impugned order of ld. CIT(A) it can be observed that Ld. CIT(A) observed in para 5 that during the course of appellate proceeding assessee was asked to submit copies of notices issued by the AO, replies filed by the assessee, copies of tax returns of Prem Power Construction, copies of bank account of Prem Power and that of the assessee and audited profit and loss account and balance sheet of the companies which were submitted on 18.01.2023 and have been reproduced in the impugned order. Thus, it is not the case of the assessee taking recourse of provision of Rule 46A by filing additional evidence but the ld. First Appellate Authority has exercised its discretion to call for material substantiating the grounds.

7. Then, the bank statement of the assessee has been relied by ld. CIT(A), which shows transactions pertaining to investments and redemption in different mutual funds. This statement as relied by ld. CIT(A) shows receipts from Prem Power Construction Pvt. Ltd. and the return of funds back to said company. The bank statement has been relied by ld. First Appellate Authority

which shows expenses carried out by the assessee. The balance sheet of Prem Power Construction Pvt. Ltd. having surplus of Rs.9 crores established its creditworthiness to make the payments for development of software and being a different matter that the project did not pick up. That alone cannot make the transaction not genuine and source be called 'unexplained' in the hands of assessee. Thus, findings of Id. CIT(A) to hold that there was no unexplained investment requires no interference.

7. As the grounds have no substance the appeal of the revenue is **dismissed.**

Order pronounced in the open court on 11.02.2026

Sd/-
(Manish Agarwal)
ACCOUNTANT MEMBER

Sd/-
(Anubhav Sharma)
JUDICIAL MEMBER

Dated 11.02.2026
Rohit, Sr. PS

Copy forwarded to:

1. Assessee
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

**ASSISTANT REGISTRAR
ITAT NEW DELHI**