

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“A” BENCH : BANGALORE**

BEFORE SHRI LAXMI PRASAD SAHU, ACCOUNTANT MEMBER  
AND  
SHRI PRAKASH CHAND YADAV, JUDICIAL MEMBER

ITA No.1720/Bang/2024
Assessment Year : 2015-16

Appu Nutritious Pvt. Ltd., C/o, Idiom Design and Consulting Ltd., Joseph Chemmanur Hall, 1 <sup>st</sup> Cross, 1 <sup>st</sup> Stage, Indiranagar, Bangalore – 560 038. <b>PAN : AABCA 7049 M</b>	Vs.	DCIT, Circle – 1(1)(1), Bangalore.
APPELLANT		RESPONDENT

Appellant by	:	Shri Ajith Kumar, Director
Respondent by	:	Ms. Neha Sahay, JCIT(DR)(ITAT), Bangalore.

Date of hearing	:	12.11.2024
Date of Pronouncement	:	19.11.2024

**ORDER**

*Per Laxmi Prasad Sahu, Accountant Member*

This appeal is filed by the assessee against the order dated 12.07.2024 of the CIT(Appeals), National Faceless Appeal Centre, Delhi [NFAC], for the AY 2015-16.

2. Briefly stated the facts of the case are that the assessee filed its return of income on 29.09.2015 declaring ‘Nil’ income. The case was selected for scrutiny and notice was issued to the assessee. During the

course of assessment proceedings, it was noticed that the assessee company has borrowed money from banks and related parties to the tune of Rs.2,56,59,218/- and company has debited into the P & L A/c for finance cost of Rs.63,93,078/-. In this regard, the explanation was asked from the assessee which was submitted but the AO was not satisfied with the explanation and he disallowed Rs.19,28,732/- by relying on the judgment of the Hon'ble jurisdictional High Court of Karnataka in the case of Embassy Development Corporation Vs. ACIT reported in [2015] 62 taxmann.com 234 (Karnataka) and in the case of J. K. Industries Ltd., & anr. V. Union of India (SC) reported in 297 ITR 176. He further noted that the assessee has debited an amount of Rs.44,56,827/- towards legal and professional expenses. Assessee was asked to produce the agreement details and proof of this expense. Assessee was unable to produce documentary evidence, agreements and to sharing of expenses with the assessee's concern. Accordingly, this amount was also disallowed. Further, the AO noted that the assessee has remitted employees' contribution to PF after due date as per the relevant Act. Accordingly, the AO disallowed the provision of Rs.5,595/- following sections 2(24)(x) r.w.s. 36(1)(va) of the Act and the assessment proceedings were completed.

3. Aggrieved from the Order of Assessment, assessee filed appeal before the CIT(A) on 12.06.2018. During the appellate proceedings, the CIT(A) issued 8 notices to the assessee but there was no response from the assessee side. Accordingly, he dismissed the appeal of the assessee.

4. Aggrieved from the Order of CIT(A), assessee filed appeal before the Tribunal. Shri. Ajith Kumar, Director of the assessee company appeared and submitted that the notices issued by the CIT(A) were never received to the assessee. Therefore, assessee was unable to reply to the same. During the course of assessment proceedings, assessee complied with the notices issued by the AO. Shri. Ajith Kumar undertook that if a chance is given to the assessee, assessee shall comply with all the notices issued by the learned CIT(A) for the appellate proceedings.

5. The learned DR relied on the Order of the lower authorities and submitted that the AO has rightly made addition. The learned DR further submitted that the various notices issued by the learned CIT(A) were served on the assessee but the assessee disregarded the notices and hence the learned DR objected for giving another chance to the assessee.

6. After hearing both the sides and perusing the entire materials available on records and order of the authorities below we note that the case was completed by the AO u/s 143(3) but as per submissions of the assessee the requisite documents were not submitted for substantiating its case and before the CIT(A) the assessee could not respond, therefore, considering the prayer of the assessee and in the interest of justice, we remit the issue back to the file of the Assessing Officer for de novo reassessment in accordance with law, subject to payment of cost of Rs.25,000/- (Rupees Twenty Five Thousand Only) and assessee

is directed to produce the proof of payment of costs before the AO. The assessee is also directed to file necessary documents that would be essential and required for substantiating his case and for proper adjudication by the revenue authorities. Needless to say that reasonable opportunity of being heard be given to the assessee. The assessee is directed to cooperate with the proceedings and in case of further default, the assessee shall not be entitled to any leniency.

7. In the result, the appeal by the assessee is allowed for statistical purposes.

*Pronounced in the open court on the date mentioned on the caption page.*

Sd/-  
(PRAKASH CHAND YADAV)  
JUDICIAL MEMBER

Sd/-  
(LAXMI PRASAD SAHU )  
ACCOUNTANT MEMBER

Bangalore,  
Dated : 19.11.2024.  
/NS/\*

Copy to:

1. Appellant
2. Respondent
3. Pr.CIT
4. CIT(A)
5. DR, ITAT, Bangalore.

By order

Assistant Registrar  
ITAT, Bangalore.