

IN THE INCOME TAX APPELLATE TRIBUNAL, RANCHI BENCH, RANCHI

BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER AND
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER

ITA No. 81/Ran/2024

(Assessment Year: 2009-10)

Mongia Steel Ltd., Burhiadih, Tundi Road, Giridih-815301 (Jharkhand) PAN No. AABCM 4621 M	Vs.	A.C.I.T., Central Circle, Dhanbad.
Appellant/ Assessee		Respondent/ Revenue

Assessee represented by	Sri Devesh Poddar, A.R.
Department represented by	Shri Khub Chand Pandya, Sr. DR
Date of hearing	20/08/2025
Date of pronouncement	20/08/2025

ORDER

PER: BENCH

1. This is an appeal filed by the assessee against the order of the learned CIT(A), Patna-3, Patna in Appeal No. CIT(A), Patna-3/10495/2016-17 dated 19/03/2024 for the A.Y. 2009-10.
2. Shri Devesh Poddar, Id. A.R. is represented on behalf of the assessee and Shri Khub Chand Pandya, Id. Sr.DR is represented on behalf of the revenue.
3. It was submitted by the Id. AR that there was a search on the assessee on 16/09/2009. Consequent to the search, the assessment came to be completed under Section 153A on 29/12/2011. It was a submission that subsequently, on 31/03/2016, notice under Section 148 had been issued on the assessee and the assessment came to be completed on 29/12/2016. The Id. AR drew our attention to page No. 3 of the paper book wherein the reasons for the reopening has been shown which reads as follows:

To,

The Principal Officer,
M/s Mongia Steel Ltd
Burhiadih, Tundi Road,
Giridih-815 301

Dated - 31/03/2016

PAN: AABCM 4621M

Whereas I have reason to believe (as specified in para below) that your income has escaped assessment as per the provisions of sec 148, you are required to furnish within 30 days a return of your income during the previous year corresponding to the assessment year 2009-10, in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed; and the provisions of this act shall, so far as may be, apply accordingly as if such return were a return required to be furnished under section 139.

Reason: It was found that cash was deposited in the account of M/s Kedar Nath Trading Co. and then routed through various paper companies/ concerns. These concerns were managed and controlled by Sri Ashok Jha, one of the accommodation entry operators of Kolkata. Sri Jha deposed in his statement under oath and admitted that his main source of income was from commission earned by providing accommodation entries through shell companies which were controlled and managed by him to various beneficiaries. On examination of bank statements it was found that unaccounted cash was frequently deposited in the concerns managed by Sri Jha which were immediately transferred to the inter linked accounts and then ultimately to the beneficiary accounts. In this way M/s Mongia Steel Ltd, one of the beneficiary companies, brought back its unaccounted income into its regular books of accounts in the guise of bogus share capital and share premium/unsecured loan etc. There was no other financial rationale behind such transactions. Movement of unaccounted cash through bank accounts was prepared in cash trail and thus ultimate beneficiary was identified. The details of cash trail from cash deposits to beneficiary are as follows:

MSL 148 AY 2009-10

Page 1

Layer	Date	Particulars	Bank	Account no	Amount (Rs)
Cash deposit	15.12.2008	Kedar Nath Trading Co.	ICICI Bank	605018322	15,12,100/-
Layer-1	17.12.2008	Metorplex tie up Pvt. Ltd.	ICICI Bank	000605018315	7,50,000/-
Layer -1	17.12.2008	Metorplex tie up Pvt. Ltd.	ICICI Bank	000605018315	7,50,000/-
Layer-2	17.12.2008	Jaladhi Marketing Pvt. Ltd.	ICICI Bank	000605018315	10,00,000/-
Layer-2	17.12.2008	Jaladhi Marketing Pvt. Ltd.	ICICI Bank	000605018315	5,00,000/-
Layer-3	17.12.2008	Pyramid Vyapaar Pvt. Ltd.	DCB	08920100007405	15,00,000/-
Beneficiary	17.12.2008	Mongia Steel Ltd. (formerly known as Mongia Hi-tech Pvt. Ltd.)	DCB		15,00,000/-

All these show that you introduced your unaccounted money in your company M/s Mongia Steel Ltd. during FY 2008-09 relating to AY 2009-10. So in a way, you understated your income which escaped assessment.

The return should be in prescribed form and be delivered in this office within 30 days from the date of the service of this notice and should be duly verified and signed in accordance with the provisions of section 140 of the Income Tax Act. 1961.



1207
31/03/16
Dy. Commissioner of Income tax,
Central Circle, Dhanbad.

It was a submission that the impugned assessment year as 2009-10 and the Assessing Officer in a reasons recorded for reopening has not mentioned the failure on the part of the assessee to disclose fully and truly all material facts required for its assessment. It was a submission that the impugned assessment year is 2009-10, the first assessment has been completed on 29/12/2011 and the reopening has been done on 31/03/2016 which is beyond the four years period and for the purpose of reopening the proviso to Section 147 requires that there should be a failure on the part of the assessee to disclose fully and truly all material facts relevant to his assessment. It was a submission that there is failure on the part of the Assessing Officer to record the failure on the part of the assessee in the reasons recorded. It was a submission that the reopening is liable to be quashed.

4. In reply, the Id. Sr.DR vehemently supported the orders of the Assessing Officer and the Id. CIT(A).
5. We have considered the rival submissions. A perusal of the facts in the present case clearly shows that the reopening has been done beyond the four years period from the end of the relevant assessment year. The earlier assessment has also been done for the impugned assessment year. The reopening is done by issuing notice in such a case. In view of the proviso to Section 147 of the Act, it is required that there should be failure on the part of the assessee to disclose fully and truly all material facts required for his assessment. The Assessing Officer admittedly has not recorded such failure. This being so, we are of the view that the reopening as done for the impugned assessment year is bad in law

and consequently the reopening stands quashed. Consequently the assessment order also stands quashed.

6. In the result, this appeal of the assessee is allowed.

Order announced in open court on 20th August, 2025.

Sd/-
(RATNESH NANDAN SAHAY)
ACCOUNTANT MEMBER

Sd/-
(GEORGE MATHAN)
JUDICIAL MEMBER

Ranchi, Dated: 20/08/2025

**Ranjan*

Copy to:

1. Assessee
2. Revenue
3. CIT
4. DR
5. Guard File

By order

Sr. Private Secretary, ITAT, Ranchi