



आयकर अपीलीय अधिकरण, राजकोट न्यायपीठ, राजकोट।
**IN THE INCOME TAX APPELLATE TRIBUNAL, "SMC"
RAJKOT BENCH, RAJKOT**

BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER

**आयकर अपील सं./ITA No. 569/RJT/2025
(निर्धारण वर्ष / Assessment Year: 2010-11)**

Kandla Steel Pvt. Ltd, 105, Lotus Business Park, Ra Baug Lane, Off. S.V. Road, Malad West, Mumbai-400064	Vs.	The Income Tax Officer, Plot No. 20A, Sector-8, Gandhidham
स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: AADCK1337N		
(Appellant)		(Respondent)

Appellant by : Shri Saurabh Thakur, AR
Respondent by : Shri Abhimanyu Singh Yadav, Sr. DR
Date of Hearing : 23/09/2025
Date of Pronouncement : 30/10/2025

आदेश / O R D E R

Per, Dr. Arjun Lal Saini, AM:

Captioned appeal filed by the assessee, pertaining to Assessment Year (AY) 2010-11, is directed against the order passed by the Learned Commissioner of Income Tax (Appeals), Ahmedabad [in short "the ld. CIT(A)"], National Faceless Appeal Centre (in short "NFAC"), Delhi dated 14.07.2025, which in turn arises out of a penalty order passed by Assessing Officer u/s 271(1)(c) of the Income Tax Act, 1961 (hereinafter referred to as "the Act"), dated 29.03.2017.

2. The grounds of appeal raised by the assessee are as follows:

"1. That the learned Commissioner of Income-tax (Appeals) has erred both in law and on facts in upholding the penalty of Rs.5,74,953/- levied under section 271(1)(c) of the Income-tax Act, 1961.



2. That the learned CIT(A) failed to appreciate that the penalty was levied merely on estimated income without establishing any deliberate concealment or furnishing of inaccurate particulars of income by the appellant

3. That the penalty confirmed by the learned CIT(A) is unsustainable in law as the quantum addition was made solely on estimation basis after rejecting books of accounts, and no specific item of concealment or inaccuracy was identified.

4. That the learned CIT(A) erred in confirming penalty without appreciating the fact that rejection of books and estimation of income does not automatically justify imposition of penalty under section 271(1)(c).

5. That the learned CIT(A) grossly erred in treating the non-compliance with notices as sufficient ground to reject the appeal, without adjudicating the contentions on merits even though reasonable opportunity had not been effectively availed due to bonafide circumstances.

6. That the learned CIT(A) erred in holding that the appellant failed to file reply to show cause notice under section 271(1)(c) despite the fact that a written reply dated 27.03.2017 was filed before the Assessing Officer, which was not properly considered.

7. That the penalty has been confirmed in a mechanical manner and without application of mind, merely relying on the findings in the quantum proceedings, which is impermissible under law.

8. That the order passed is against the principles of natural justice, equity, and fair play

9. That the learned CIT(A) failed to appreciate that the appellant company is under liquidation and an application for dissolution has already been submitted before the Hon'ble NCLT, and therefore, the impugned penalty proceedings are not sustainable in law.

10. That the penalty confirmed by the learned CIT(A) is bad in law and void ab initio, in view of the fact that the company is under liquidation and continuation of such proceedings is against the spirit of the Insolvency and Bankruptcy Code, 2016, and the Companies Act, 2013.

11. That without prejudice, the impugned order suffers from serious legal infirmity as it seeks to impose tax penalty liability upon a company whose dissolution is under active consideration before the NCLT, rendering the proceedings infructuous.”



3. Learned Counsel for the assessee, at the outset, begins by pointing out that the assessee- company under consideration, is going into liquidation recently. Therefore, nobody appeared on behalf of the assessee- company before the learned CIT(A) and as a result, the learned CIT(A) passed the *ex- party* order. That is, the appellant-company is under liquidation and an application for dissolution has already been submitted before the Hon'ble NCLT, therefore, now, the official person/ receiver of the assessee-company would appear, before the learned CIT(A). Hence, one more opportunity should be granted to the assessee- company to plead his case before the learned CIT(A). The Ld. Counsel further submitted that assessee-company could not file the necessary documents and details before the Ld. CIT(A), therefore, one more opportunity should be given to the assessee-company to file the required documents and details before the Ld. CIT(A). Therefore, the matter may be remitted back to the file of the Ld. CIT(A) for fresh adjudication.

4. On the other hand, Ld. DR for the Revenue did not have any objection, if the matter is remanded back to the file of the Ld. CIT(A).

5. I have heard both the parties and carefully gone through the submission put forth on behalf of the assessee along with the documents furnished and the case laws relied upon, and perused the fact of the case including the findings of the Ld CIT(A) and other materials brought on record. As informed by the learned Counsel for the assessee that the assessee's quantum appeal in ITA No. 240/Rjt/2016, vide order dated 06.04.2022, was decided by the Co-ordinate Bench of ITAT Rajkot and certain additions were sustained and based on such



decision of ITAT, the penalty was imposed by the Assessing Officer. I also note that during the appellate proceedings, notices of hearing were not served on the assessee / liquidator of the assessee- company, therefore, before learned CIT(A), the assessee could appear and could not file the relevant documents and evidences, and could not plead his case successfully. Therefore, I am of the view, that one more opportunity should be given to the assessee- company to plead his case before the Ld. CIT(A). Therefore, I set-aside the order of the Ld. CIT(A) and remitted the matter back to the file of the Ld. CIT(A) for fresh adjudication. The assessee-company is also directed to file the required documents and evidences before the CIT(A) and should not seek adjournment without any valid reason and should participate in the appellate proceedings effectively and submit the required documents and details as required by the Ld. CIT(A). Therefore, based on these facts and circumstances, the appeal of the assessee is allowed for statistical purposes.

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

Order is pronounced in the open court on 30/10/2025.

Sd/-
(Dr. Arjun Lal Saini)
लेखा सदस्य/Accountant Member

Rajkot

//True Copy//

दिनांक/ Date: 30/10/2025

Copy of the Order forwarded to

1. The Assessee
2. The Respondent
3. The CIT(A)
4. Pr. CIT
5. DR/AR, ITAT, Rajkot
6. Guard File

By Order

ITA No.569/RJT/2025/AY.2010-11
Kandla Steel Pvt. Ltd.



Assistant Registrar/Sr. PS/PS
ITAT, Rajkot