

**आयकर अपीलीय अधिकरण, राँची न्यायपीठ, राँची**

**IN THE INCOME TAX APPELLATE TRIBUNAL RANCHI BENCH, RANCHI  
BEFORE SHRI GEORGE MATHAN, JM & SHRI RATNESH NANDAN SAHAY, AM**

**आयकर अपील सं./ITA No.165 & 167/RAN/2025**

**(निर्धारण वर्ष / Assessment Year :2013-2014 & 2014-2015)**

<b>Colen Chemical Pvt. Ltd,</b> 1 <sup>st</sup> Floor, Room No.9, Tiwary Bechar Complex, Main Rd. Bistupur, Jamshedpur-831001	<b>Vs.</b>	<b>ITO Ward-1(1), Jamshedpur</b>
<b>स्थायी लेखा सं./PAN No. : AABCC 3978 K</b>		
<b>(अपीलार्थी /Appellant)</b>	<b>..</b>	<b>(प्रत्यर्थी / Respondent)</b>

<b>निर्धारिती की ओर से /Assessee by</b>	<b>:</b>	<b>Shri Sunil Surana, AR</b>
<b>राजस्व की ओर से /Revenue by</b>	<b>:</b>	<b>Shri Ram Chandra Marndi, Sr.DR</b>
<b>सुनवाई की तारीख / Date of Hearing</b>	<b>:</b>	<b>07/01/2026</b>
<b>घोषणा की तारीख/Date of Pronouncement</b>	<b>:</b>	<b>07/01/2026</b>

**आदेश / O R D E R**

**Per Bench :**

These two appeals are filed by the assessee against the separate orders passed by the Id.CIT(A), National Faceless Appeal Centre (NFAC), Delhi, both dated 31.03.2025 for the assessment year 2013-2014.

2. It was submitted by the Ld.AR that for the assessment year 2013-2014 the original assessment came to be completed u/s.143(3) of the Act on 29/01/2016 and for the assessment year 2014-2015 the original assessment came to be completed u/s.143(3) of the Act on 29.12.2016. Notice u/s.148 of the Act for A.Y.2013-2014 came to be issued on 28.03.2018 and for A.Y.2014-2015 the notice was issued on 24.06.2019. The Ld. AR drew our attention to reason recorded to reopening for the assessment year 2013-2014 at pages 47 to 51 of the paper book which reads as follows:-

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GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
INCOME TAX DEPARTMENT  
OFFICE OF THE INCOME TAX  
OFFICER  
ITO WARD 1(4), JAMSHEDPUR

To, COLEN CHEMICAL PVT LTD 1St Floor Room No 9 Tiwary Bechar Complex, Main Road Bistupur Bistupur Jamshedpur 831001, Jharkhand India	
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PAN: AABCC3978K	Assessment Year: 2013-14	Dated: 27/04/2020	DIN & Letter No : ITBA/AST/F/17/2020-21/1026985925(1)
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Sir/ Madam/ M/s,

**Subject: Furnishing of reasons recorded for reopening of your case u/s 148 of the Act- reg.**

With reference to notice u/s 148 of the Act dated 30.05.2019 For A.Y 2013-14, kindly find copy of reasons recorded in your case in the prescribed format with remarks of approving authority for your information.

SIDDHARTH KUMAR PANDEY  
ITO WARD 1(4), JAMSHEDPUR

(In case the document is digitally signed please refer Digital Signature at the bottom of the page)

Enclosed: Refer to attachment AABCC3978K\_2013\_ATTACHMENT\_100026959755.pdf

Note: If digitally signed, the date of digital signature may be taken as date of document.  
.47, C.H. AREA, JAMSHEDPUR, 47, C.H. AREA, JAMSHEDPUR, PATNA, Bihar, 831001  
Email: JAMSHEDPUR.ITO1.4@INCOMETAX.GOV.IN,

\* DIN-Document identification No.

This document is digitally signed

Signer: SIDDHARTH KUMAR PANDEY  
Date: Tuesday, May 26, 2020 4:15 AM  
Location: PATNA, In

COLEN CHEMICAL (P) LTD.

R. K. Roy

Director

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**FORM FOR RECORDING THE REASONS FOR INITIATING PROCEEDING UNDER SECTION 148 AND FOR OBTAINING THE APPROVAL OF THE COMMISSIONER OF INCOME TAX/ADDL. COMMISSIONER OF INCOME TAX/CENTRAL BOARD OF DIRECT TAXES**

01.	Name & address of the assessee	: M/s. Colen Chemical Pvt. Ltd. Room No. 22, 3 <sup>rd</sup> Floor, 36, Strand Road, Kolkata, West Bengal
02.	PAN	: AABCC3978K
03.	Status	: Company
04.	District/Ward/Circle	: ITO, Ward-1(4), Jamshedpur
05.	Asst. year in respect of which it is Proposed to issue notice u/s 148	: 2013-14
06.	The quantum of income which has escaped assessment	: Rs.84,00,280/-
07.	Whether the provision of sec. 147(a) or 147(b) are applicable or both the sections are applicable	: Sec. 147
08.	Whether the assessment is proposed to be made for the first time. If the reply is in the affirmative please state	: No
08 a	Whether any voluntary return has already been filed and	: Return filed u/s 139(I)
08.b	If so the date of filing the said return	: 29/06/2013
09.	If the answer to item 8 is in the negative please state	: -
09 a	The income originally assessed	: Rs.18,313/-
09b	Whether it is a case of under assessment, assessment at too low rate, assessment which has been the subject of excessive relief or allowing of excessive loss or depreciation	: No
10.	Whether the provision of section 150(1) are applicable. If the reply is in the affirmative the relevant facts may be stated against item No. 11 and it may also be brought out the provision of section 150(2) would not stand in any way of initiating proceeding u/s 147	: NA
11.	Reason for the belief that income has escaped assessment	: The assessee company filed its return of income on 26/09/2013 declaring total income of Rs18,313/-. The assessment u/s 143(3)/148 was completed on

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R. K. Roy

Director

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17/12/2018 determining total income of Rs.38,18,310.

Moreover, in this case, an enquiry report has been received from Dy. Director of Income-tax (Inv.), Unit - 1(3), Kolkata vide No. DDIT(Inv.)/Unit-1(3)/Kol/Banka/Information/2018-19/6409 dated 18/12/2018 content of the report is reproduced below:

"A search & Seizure/survey action in this case of Banka Group was conducted on 21/05/2018. Based on the findings gathered and subsequently brought on records, it is found that Shri Mukesh Banka is the key person / controlling person who looks after day to day financial affairs and accommodation entry business of Banka Group.

During the course ofr post search verification of seized/impounded materials, various paper/sheel companies controlled and managed by Shri Mukesh Banka were identified. All these companies were categorically accepted by Shri Mukesh Banka as paper/sheel companies controlled and managed by him for the purpose of providing accommodation entries in the nature of bogus unsecured loans or in other forms. Following the lead as obtained from the statements of Shri Mukesh Banka and the materials seized during the course of search operation, the bank accounts of the paper/sheel companies controlled and managed by Shri Mukesh Banka was requisitioned from respective banks and analyzed. On verification of the bank accounts of the paper/sheel companies of Banka Group, various beneficiaries have been identified who have obtained accommodation entry in the nature of bogus unsecured loan or in other forms, from the paper/sheel companies of Banka Group.

Further, the financial analysis of such paper/sheel companies of Banka Group from which such beneficiaries have been identified, has been carried out to ascertain their financial creditworthiness. The details of such financial This led to revelation of various noticeable points like (i) No profit accumulation in the company(s) across various financial (ii) No actual business done by the company(s) being zero turnover reported in various

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R. K. Roy

Director

financial years (iii) Most of the companies have shown income under the head 'Other Income' which shows that these companies have no actual business activities and only getting interest income under the head 'other income' for providing bogus unsecured loan to different beneficiaries (iv) The admission of Mukesh Banka vide his statement recorded u/s 131/132(4) of the Income-tax Act, 1961 on 30.05.2018 and 19.07.2018 that these companies are paper/shell companies controlled and managed by Shri Mukesh Banka (v) The directors of these companies are dummy directors of Shri Mukesh Banka as per statement of Shri Mukesh Banka recorded u/s 132(4) of the Income-tax Act on 19.07.2018 (vi) These companies were found to be non-existent as per enquiry made Inspector of Income-tax".

The assessee company is one of the beneficiaries company and following entries were made in its audited account in the shape of unsecured loan and others:

Transaction date	F.Yr.	Transaction Amount
11/09/2012	2012-13	22,00,056/-
21/09/2012	2012-13	15,00,056/-
03/10/2012	2012-13	20,00,056/-
24/09/2012	2012-13	15,00,056/-
01/10/2012	2012-13	12,00,056/-
Total:		84,00,280

The assessee company books credited with Rs.84,00,280/- from different entities and these entities are paper / shell companies. No profit accumulation in the company(s) across various financial year (ii) No actual business done by the company(s) being zero turnover reported in various financial years (iii) Most of the companies have shown income under the head 'Other Income' which shows that these companies have no actual business activities and only getting interest income under the head 'other income' for providing bogus unsecured loan to different beneficiaries. These companies are paper/shell companies controlled and

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Director

		<p>managed by Shri Mukesh Banka (v) The directors of these companies are dummy directors of Shri Mukesh Banka.</p> <p>In view of the above facts, I have reason to believe that the income 84,00,280/- chargeable to tax has escaped assessment within the meaning of section 147 of the Income tax Act, 1961 and hence, it is a fit case for re-opening of assessment u/s 147 of the Income tax Act, 1961.</p>
	Date: 30/05/2019	<p>(S.B.Tigga) Income-tax Officer, Ward-1(4), Jamshedpur</p>
12.	Comments of the forwarding officer	<p>( ) Addl. Commissioner of Income-tax, Range-I, Jamshedpur</p>
13.	Whether the Commissioner is satisfied on the reason recorded by the ITO that it is a fit case for the issue of a notice u/s 148	<p>( ) Pr. Commissioner of Income Tax, Jamshedpur</p>

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Director

3. The Ld. AR drew our attention to reason recorded to reopening for the assessment year 2014-2015 at pages 5 to 9 of the paper book which reads as follows:-



GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
INCOME TAX DEPARTMENT  
OFFICE OF THE INCOME TAX OFFICER  
ITO WARD 1(1), JAMSHEDPUR

To,  
COLEN CHEMICAL PVT LTD  
1St Floor Room No 9 Tiwary Bechar Complex ,Main Road  
Bistupur Bistupur  
Jamshedpur 831001 ,Jharkhand  
India

PAN: AABCC3978K	Assessment Year: 2014-15	DIN & Notice No : ITBA/AST/F/143(2)_4/2020- 21/1028105786(1)	Dated: 29/09/2020
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**Notice under section 143(2) read with section 147 of the Income-tax Act, 1961('Act)**

Dear Taxpayer,

Thank you for filing your return of income for Assessment Year 2014-15 in response to notice under section 148 of the Act, vide Ack. no. 579745181090719 on 09/07/2019.

2. While acknowledging the care and diligence you have taken in preparing the return, there are certain issues as mentioned below which need further clarification:-

**Issues as per reasons recorded for reopening.**

The assessee company filed its return of income on 17/03/2015 declaring total income of Rs62,110. The assessment u/s 143(3) was completed on 29/12/2016 determining total income of Rs.31,99,120/-

Moreover, in this case, an enquiry report has been received from Dy. Director of Income-tax (Inv.), Unit – 1(3), Kolkata vide No. DDIT(Inv.)/Unit-1(3)/Kol/Banka/Information/2018-19/6409 dated 18/12/2018 content of the report is reproduced below:

*"A search & Seizure/survey action in this case of Banka Group was conducted on 21/05/2018. Based on the findings gathered and subsequently brought on records, it is found that Shri Mukesh Banka is the key person / controlling person who looks after day to day financial affairs and accommodation entry business of Banka Group.*

*During the course of post search verification of seized/impounded materials, various paper/sheel companies controlled and managed by Shri Mukesh Banka were identified. All these companies were categorically accepted bny Shri Mukesh Banka as paper/sheel*

Note: If digitally signed, the date of digital signature may be taken as date of document.  
47, C.H. AREA, JAMSHEDPUR, 47, C.H. AREA, JAMSHEDPUR, PATNA, Bihar, 831001  
Email: JAMSHEDPUR.ITO1.1@INCOMETAX.GOV.IN,

\* DIN- Document identification No.

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Director

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A.Y. 2014-15  
ITBA/AST/F/143(2)\_4/2020-21/1028105786(1)

companies controlled and managed by him for the purpose of providing accommodation entries in the nature of bogus unsecured loans or in other forms. Following the lead as obtained from the statements of Shri Mukesh Banka and the materials seized during the course of search operation, the bank accounts of the paper/sheel companies controlled and managed by Shri Mukesh Banka was requisitioned from respective banks and analyzed. On verification of the bank accounts of the paper/sheel companies of Banka Group, various beneficiaries have been identified who have obtained accommodation entry in the nature of bogus unsecured loan or in other forms, from the paper/sheel companies of Banka Group.

Further, the financial analysis of such paper/sheel companies of Banka Group from which such beneficiaries have been identified, has been carried out to ascertain their financial creditworthiness. The details of such financial This led to revelation of various noticeable points like (i) No profit accumulation in the company(s) across various financial (ii) No actual business done by the company(s) being zero turnover reported in various financial years (iii) Most of the companies have shown income under the head 'Other Income' which shows that these companies have no actual business activities and only getting interest income under the head 'other income' for providing bogus unsecured loan to different beneficiaries (iv) The admission of Mukesh Banka vide his statement recorded u/s 131/132(4) of the Income-tax Act, 1961 on 30

05.218 and 19.07.2018 that these companies are paper/sheel companies controlled and managed by Shri Mukesh Banka (v) The directors of these companies are dummy directors of Shri Mukesh Banka as per statement of Shri Mukesh Banka recorded u/s 132(4) of the Income-tax Act on 19.07.2018 (vi) These companies were found to be non-existent as per enquiry made Inspector of Income-tax

The assessee company is one of the beneficiaries company and following entries were made in its audited account in the shape of unsecured loan and others:

Transaction date	F.Yr.	Transaction Amount
05/02/2014	2013-14	25,96,056/-
21/02/2014	2013-14	7,04,056/-
01/02/2014	2013-14	14,08,056/-
03/02/2014	2013-14	11,00,055/-
03/02/2014	2013-14	14,08,055/-

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R.K.Roy  
Director

AABCC3978K- COLEN CHEMICAL PVT LTD  
A.Y. 2014-15  
ITBA/AST/F/143(2)\_4/2020-21/1028105786(1)

19/03/2014	2013-14	12,54,028/-
21/03/2014	2013-14	7,48,028/-
24/03/2014	2013-14	7,92,060/-
21/01/2014	2013-14	15,00,056/-

Total: 1,15,10,450

The assessee company books credited with Rs.1,15,10,450/- from different entities and these entities are paper / shell companies. No profit accumulation in the company(s) across various financial year (ii) No actual business done by the company(s) being zero turnover reported in various financial years (iii) Most of the companies have shown income under the head 'Other Income' which shows that these companies have no actual business activities and only getting interest income under the head 'other income' for providing bogus unsecured loan to different beneficiaries. These companies are paper/shell companies controlled and managed by Shri Mukesh Banka (v) The directors of these companies are dummy directors of Shri Mukesh Banka.

In view of the above facts, I have reason to believe that the income 1,15,10,450/- chargeable to tax has escaped assessment within the meaning of section 147 of the Income tax Act, 1961 and hence, it is a fit case for re-opening of assessment u/s 147 of the Income tax Act, 1961.

3. In view of the above, you may submit your response with supporting documents (if any) on the above mentioned issues to undersigned electronically in 'E-proceedings' facility through your account in e-Filing website([www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in)) at your convenience on or before 14/10/2020

4. In course of assessment proceedings, if required specific questionnaire(s) or requisition(s) for information/document may be issued subsequently

5. A brief note on E- Proceeding is enclosed for your kind reference. In case you require any assistance in filing your response, you may contact toll free Call Centre number 1800 103 4215

Enclosure: As above

COLEN CHEMICAL (P) LTD.  
R.K.Roy  
Director

AABCC3978K- COLEN CHEMICAL PVT LTD  
A.Y. 2014-15  
ITBA/AST/F/143(2)\_4/2020-21/1028105788(1)

Yours faithfully,  
UMA SHANKER SINGH  
ITO WARD 1(1), JAMSHEDPUR

(In case the document is digitally signed please  
refer Digital Signature at the bottom of the page)



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R. K. Roy  
Director

4. It was submission that as the reopening has been done beyond the period of 4 years and the assessment has also been original completed u/s.143(3) of the Act. The provision to section 147 of the Act requires that there should be failure on the part of the assessee to disclose truly and fully all material facts required for assessment. It was the submission that in the reason recorded there is the no whisper that there is failure on the part of the assessee to disclose to truly and fully all material required for

assessment. It was submission that in view of the decision of the decision of the Hon'ble Supreme Court in the case of CEAT Ltd., reported in (2022) 449 ITR 171(SC) the reopening is liable to be quashed as also the consequential assessment order.

5. In reply, the Ld.CIT DR assisting the Ld.Sr.DR submitted that the Hon'ble Supreme Court in the case of Rajesh Jhaveri Stock Brockers Pvt. Ltd. (2008) 14 SCC 208 and the Hon'ble Calcutta High Court in the case of P.L.Goenka HUF, passed in ITAT/241/2024 IA No:GA/2/2024, dated 06.05.2025. It was submission that even if the reason recorded are borrowed satisfaction, still it should be held that the reason are valid. It was the submission that the reopening of the assessment is liable to be upheld.

6. We have considered the rival submissions. A perusal reasons recorded clearly shows that the reasons do not specify much less even whisper that there is failure on the part of the assessee to disclose truly and fully all material facts require for the assessment. In the present case, it is admitted fact that the scrutiny assessment u/s.143(3) for the assessment year 2013-2014 came to be completed u/s.143(3) of the Act on 29/01/2016 and for the assessment year 2014-2015 the assessment completed u/s.143(3) of the Act on 29.12.2016. Notice u/s.148 of the Act for A.Y.2013-2014 came to be issued on 28.03.2018 and for A.Y.2014-2015 the notice was issued on 24.06.2019, which in both the cases, issued after 4 years from the end relevant assessment year. Thus, the provision to section 147 of the Act requires that there should be a failure on the part of the assessee to disclose truly and fully all material facts required for the assessment. The

question of borrowed satisfaction or change of opinion is not the issue before the Bench. A perusal of the reasons recorded clearly shows that there is no recording of the failure on the part of the assessee to disclose truly and fully all material facts required for the assessment. The Hon'ble Supreme Court in the case of CEAT. Ltd reported in 449 ITR 171 in para 2 has held as follows:-

*2. It is not in dispute that the assessment was sought to be reopened beyond four years. Therefore, all the conditions under section 148 of the Income-tax Act, 1961 for reopening the assessment beyond four years are required to be satisfied. Having gone through the reasons recorded for re-opening, we are of the opinion that the conditions precedent for reopening of the assessment beyond four years are not satisfied. The reassessment was on change of opinion. There are no allegations of suppression of material fact. Under the circumstances, no error has been committed by the High Court in setting aside the reopening notice under section 148 of the Income-tax Act. We are in complete agreement with the view taken by the High Court. The special leave petition stands dismissed.*

7. In these circumstances, respectfully following the decision of the Hon'ble Supreme Court in the case of CEAT Ltd., referred to supra, the reasons recorded in both the appeals of the assessee are found to be unsubstantial and consequently the same stands quashed. As the reopening has been quashed, the consequential assessment for both the years under consideration also stands quashed.

8. In the result, both appeals of the assessee are allowed.

Order dictated and pronounced in the open court on 07/01/2026.

**Sd/-**

**(RATNESH NANDAN SAHAY)**

लेखा सदस्य / ACCOUNTANT MEMBER

**Sd/-**

**(GEORGE MATHAN)**

न्यायिक सदस्य / JUDICIAL MEMBER

राँची Ranchi; दिनांक Dated 07/01/2026

Prakash Kumar Mishra, Sr.P.S.

**आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant- .
2. प्रत्यर्थी / The Respondent-
3. आयकर आयुक्त(अपील) / The CIT(A),
4. आयकर आयुक्त / CIT
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, राँची / DR, ITAT, Ranchi
6. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//

आदेशानुसार/ BY ORDER,

**(Senior Private Secretary)**

आयकर अपीलीय अधिकरण, राँची / ITAT, Ranchi