

**IN THE INCOME TAX APPELLATE TRIBUNAL
“B” BENCH, AHMEDABAD**

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

ITA No.1604/Ahd/2025
(Assessment Year: 2018-19)

Alang Steel Recycling Private Limited Ground Floor, Shop No.G-1 Sukun-1, Bhilwara Circle Bhavnagar – 364 001 [PAN: AAMCA 4837 A]	Vs.	The Dy. CIT-1, Circle-1, Bhavnagar – 364 001
(Appellant)	..	(Respondent)

Assessee represented by :	Shri Parimalsinh B. Parmar, AR
Revenue represented by :	Shri Abhijit, Sr.DR
Date of Hearing	08.12.2025
Date of Pronouncement	16.01.2026

ORDER

PER SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER:

The present appeal has been filed by the assessee against the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as the “the CIT(A)”] dated 12/02/2025 passed for Assessment Year (AY) 2018-19.

2. The assessee has taken the following Grounds of Appeal:-

“1. The Ld. CIT(A) has erred, both in law and on facts, in passing ex-parte order which is in gross violation of the principles of natural justice.

2. The Ld. CIT(A) has erred, both in law and on facts, in confirming action of AO in assuming jurisdiction under section 147 of the Act.

3. *The Ld. CIT(A) has erred, both in law and on facts, in confirming the disallowance of Rs.77,61,745/- made under section 37 of the Act in respect of alleged bogus purchases.*

4. *Both, AO & CIT(A), have erred in passing the impugned orders without properly appreciating facts of the case, submissions of the assessee and documentary evidences available on record in the correct perspective. Such an act is in gross violation of the principles of natural justice and hence, the impugned order deserves to be quashed.*

5. *The Ld. CIT(A) has erred in law and on facts of the case in confirming levy of interest under section 234A/B/C/D of the Act.*

6. *The Ld. CIT(A) has erred in confirming action of initiation of penalty proceedings under section 270A of the Act.*

7. *The appellant craves leave to add, amend, alter, edit, delete, modify or change all or any of the grounds of appeal at the time of or before the hearing of the appeal.*

3. The assessee has filed application for condonation of delay of 114 days in filing of the present appeal. We have considered the application filed by the assessee seeking condonation of delay of 114 days in filing the present appeal along with the affidavit of Ms. Dimple Arvindbhai Modi, Director of the assessee-company. On perusal of the application and the affidavit, it is seen that the delay has occurred due to bona fide and unavoidable reasons. It has been explained that the income-tax matters of the assessee were earlier being handled by the Chief Accountant, who left the services of the assessee-company with effect from 01.10.2024, and due to inadvertence the credentials of the income-tax portal and information regarding ongoing proceedings were not handed over to his successor. As a result, the assessee remained unaware of the order dated 12.02.2025 passed by the learned CIT(A). The affidavit further explains that the

assessee came to know about the impugned order only when a tax consultant accessed the income-tax portal after obtaining the credentials from the erstwhile Chief Accountant, whereafter immediate steps were taken to seek professional advice and to file the appeal before the Tribunal.

4. The reasons stated in the affidavit are supported by surrounding circumstances and there is nothing on record to suggest that the delay was deliberate or intentional. It is well settled that a liberal approach should be adopted while considering applications for condonation of delay so as to advance substantial justice, particularly when sufficient cause is shown. In the present case, we are satisfied that the assessee was prevented by reasonable and sufficient cause from filing the appeal within the prescribed time.

4.1. Accordingly, in the interest of justice, the delay of 114 days in filing the present appeal is condoned and the appeal is admitted for adjudication on merits.

On Merits

5. **The brief facts of the case are** that the assessee, Alang Steel Recycling Private Limited, filed its return of income for Assessment Year 2018–19 on 30.10.2018 declaring a total income of ₹10,75,470/-. Subsequently, the Assessing Officer received information through the INSIGHT portal and investigation inputs from the DDIT/ADIT (Investigation), Gandhidham, indicating that during the relevant previous year the assessee had allegedly entered into bogus purchase transactions with certain parties, including M/s Hamaalloys Exim and M/s Bankey Bihari Industries. On the basis of such tangible information suggesting escapement of income, the assessment was reopened under section 147 of the Income-tax Act, 1961 (“the Act”). In response, the assessee filed its return of

income again declaring the same income of ₹10,75,470/-. During the reassessment proceedings, the Assessing Officer asked the assessee to substantiate the genuineness of the purchase transactions, particularly those aggregating to ₹77,61,745/- with M/s Hamaalloys Exim for the year under consideration. The Assessing Officer noted that despite opportunities, the assessee failed to produce primary evidences such as confirmations from the supplier, delivery challans, e-way bills, transportation details and other supporting documents to establish the genuineness of the purchases. Even the notice issued to the supplier under section 133(6) of the Act remained unanswered. Considering the lack of corroborative evidence and relying upon the investigation inputs, the Assessing Officer treated the purchases of ₹77,61,745/- as bogus and disallowed the same under section 37 of the Act. Accordingly, the Assessing Officer assessed the total income at ₹88,37,215/- and initiated penalty proceedings under section 270A of the Act.

6. Aggrieved by the reassessment order, the assessee preferred an appeal before the Commissioner of Income-tax (Appeals). In the grounds of appeal, the assessee challenged the validity of reopening under section 147, alleging lack of jurisdiction and violation of procedure under section 144B. On merits, it was contended that the Assessing Officer erred in disallowing the purchase expenditure of ₹77,61,745/- by treating it as bogus, without properly appreciating the evidence and explanations furnished during the assessment proceedings.

7. During the appellate proceedings before the CIT(Appeals), several notices were issued to the assessee affording opportunities to file written submissions and supporting evidence. **However, despite service of notices on multiple occasions, the assessee did not file any submissions or evidences in support**

of the grounds raised. In the absence of any response, the CIT(Appeals) proceeded to adjudicate the appeal on the basis of material available on record and the assessment order.

8. While dealing with Grounds of Appeal Nos. 1 and 2 relating to reopening under section 147 and alleged violation of section 144B, the CIT(Appeals) examined the assessment records and observed that the notice under section 148 was issued after following due process of law and on the basis of tangible material indicating escapement of income. It was noted that the reopening was not based on mere suspicion or conjecture, but on concrete information received from investigation authorities regarding bogus purchase transactions. The CIT(Appeals) further observed that the assessee had failed to point out any specific procedural lapse or legal infirmity in the reopening proceedings. Accordingly, the challenge to reopening and validity of reassessment was rejected and Grounds Nos. 1 and 2 were dismissed.

9. With respect to Grounds of Appeal Nos. 3 and 4 concerning the disallowance of ₹77,61,745/- on account of alleged bogus purchases, the CIT(Appeals) noted that during the assessment proceedings **the assessee could not furnish basic documentary evidence to establish the genuineness of the purchases, such as confirmations from the supplier, delivery challans, transportation details or e-way bills.** The CIT(Appeals) further noted that even during the appellate proceedings, the assessee chose not to file any evidence or explanation to controvert the findings recorded by the Assessing Officer. In these circumstances, and placing reliance on the settled principle that the onus to prove the genuineness of expenditure lies on the assessee, the CIT(Appeals) held that the Assessing Officer was justified in treating the purchases as bogus and in

making the disallowance under section 37 of the Act. Accordingly, the addition of ₹77,61,745/- was confirmed and Grounds Nos. 3 and 4 were dismissed.

10. The assessee is in appeal before us against the order passed by CIT(Appeals) dismissing the appeal of the assessee.

11. Before us, the Counsel for the assessee submitted that the Assessing Officer had not disturbed the figures of opening and closing stock, the assessee had submitted transport bills before the Assessing Officer which were not considered. In response, the Ld. DR placed reliance on the observations made by the Assessing Officer and Ld. CIT(Appeals) in their respective orders. Ld. DR further submitted that the Assessing Officer had noted that GST Registration Number of the parties had been cancelled and therefore there is no infirmity in the order of Ld. CIT (Appeals) so as to call for any interference.

12. We have heard the rival contentions and perused the material on record.

12.1. On a careful consideration of the facts and circumstances of the case, we find that the assessment as well as the first appellate proceedings have culminated in confirmation of the addition primarily on account of non-filing of detailed submissions and supporting evidences by the assessee before the learned Commissioner of Income-tax (Appeals). It is evident from the record that the appeal before the CIT(Appeals) was disposed of on the basis of material available on record and the assessment order, without the benefit of effective assistance from the assessee in the form of written submissions and documentary evidences,

even though the issues involved pertain to alleged bogus purchases and require proper appreciation of facts, documents and explanations. Before us, the learned counsel for the assessee has contended that certain relevant aspects, such as non-disturbance of opening and closing stock and filing of transport-related documents during assessment proceedings, have not been duly examined, while the learned Departmental Representative has relied upon the findings recorded by the authorities below. Considering the nature of the controversy and the fact that the assessee did not effectively prosecute the appeal before the CIT(Appeals), we are of the view that, in the interest of justice, the matter deserves to be restored to the file of the learned CIT(Appeals) for fresh adjudication.

12.2. Accordingly, we restore the entire matter to the file of CIT(Appeals) for de-novo consideration in accordance with law. The learned CIT(Appeals) shall adjudicate the grounds of appeal afresh after affording adequate opportunity of being heard to the assessee and after considering such written submissions and supporting evidences as the assessee may choose to file. The assessee is granted liberty to file all relevant written submissions and documentary evidences in support of its case, and is directed to cooperate fully in the appellate proceedings without seeking unnecessary adjournments.

13. The appeal of the assessee is allowed for statistical purposes.

The order is pronounced in the open Court on 16.01.2026

Sd/-
(DR. B.R.R. KUMAR)
VICE-PRESIDENT

Ahmedabad; Dated

**tc nair*

16 .01.2026

Sd/-
(SIDDHARTHA NAUTIYAL)
JUDICIAL MEMBER

आदेश की प्रतिलिपि □ प्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)/(NFAC), Delhi
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

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